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Bush Rejects a Lower Dollar As Way to Close Trade Gap

WASHINGTON — Aides to President-elect George Bush sought Sunday to reassure jittery financial markets by saying that the budget deficit would be Mr. Bush's highest priority and that the next administration would not favor a lower dollar to reduce the trade deficit.

The aides, Craig I. Fuller and Robert Teizer, said Mr. Bush would hold firm to his election campaign pledge not to raise taxes as a way of reducing the budget deficit.

Mr. Fuller also said that Mr. Bush would name his economic team soon.



Alexander Dubcek, left, receiving his degree Sunday from Bologna University, accompanied by the rector, Fabio Rovessi Monaco.

Dubcek, in Italy, Defends Prague Spring

By Clyde Haberman
New York Times Service

BOLIGNA — Far from home, and farther still from the Prague Spring of 1968, Alexander Dubcek looked back without apology here Sunday at his attempt to bring democratic change to Czechoslovakia, and at the Soviet tanks that turned his hopes to dust.

Two decades of enforced public silence have not undermined his conviction that his effort was — and will continue to be — proved correct, the former Communist leader said.

"Twenty years ago, we defined as 'socialism with a human face' our movement for the rebirth of socialism," Mr. Dubcek said. "We wanted to express in the most precise and significant manner the relation between human values and the aspirations of socialism. We tried programmatically to unite socialism with democracy."

He added: "I must reaffirm here my clear conviction. Without the external intervention into the affairs of our party and of Czech society, our attempt would have been crowned with success. The necessary conditions were there in our society. It was, in this sense, more mature than any other."

The visit to Bologna was Mr. Dubcek's first outside Czechoslovakia since 1969, when for a short time he served as ambassador to Turkey after being removed as Communist Party leader.

He was permitted to make the journey to receive an honorary political science degree from the University of Bologna.

Mr. Dubcek made no reference to Mikhail S. Gorbachev, the Soviet leader, in his formal remarks. But on his arrival Saturday he met with university officials and professors, and they said later that their guest had spoken admiringly of Mr. Gorbachev.

"If he cannot succeed," he was quoted as saying, "then no one can."

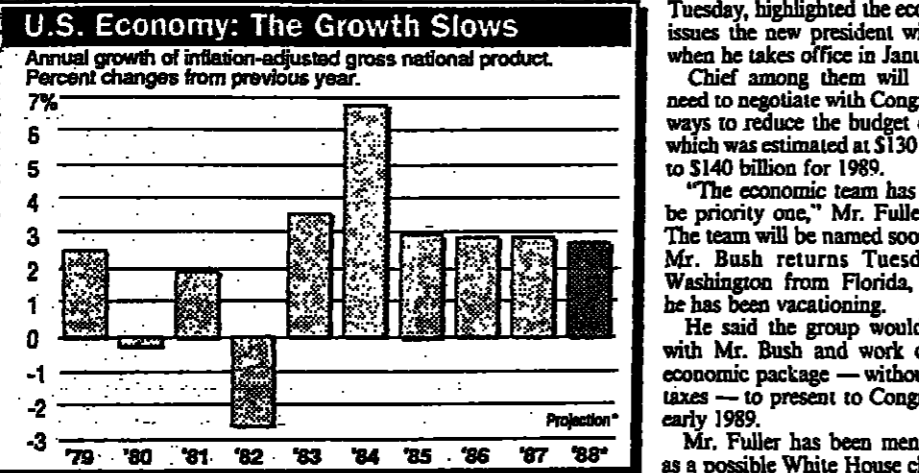
In January 1968, when he became first secretary of the Czech Communist Party, Mr. Dubcek began a drive to curb police powers, ease censorship and bolster other civil liberties. All that came to an abrupt halt the following August when troops from the Soviet Union and other Warsaw Pact countries invaded Czechoslovakia.

Against his critics who accuse him of lacking awareness of what could and what could not be done at that time, Mr. Dubcek insisted in his speech Sunday, "We know what is not possible."

"We search, we investigate what can open the way to new development for socialism, theoretical and practical," he said. "In the Prague Spring, in its internal development and its suffocation from outside, everything is reflected in condensed form — the crises and possibilities of socialism."

"The signs of democracy," he continued, "are political discussion, tolerance, sensitivity, dialogue. I don't say that we always succeeded in this regard, but we tried. The intoxication over freedom of speech was at times truly excessive."

"There was, however, an atmosphere and a perspective quite different from today, when every form of dialogue is practically inadmissible."



U.S. Economy: Slower, Not Necessarily Surer

By Louis Uchitelle
New York Times Service

NEW YORK — From nearly every corner, the message is loud and clear: The U.S. economy is slowing down.

The slowdown could turn into a recession next year or the year after. Or, ideally, the decline would halt short of a recession, and the economy would then settle into a low but satisfactory rate of growth — one that would last into the 1990s.

The problem is that no one knows which path the slowdown will actually take. While the United States waits for the answer, it worries. And the worry is changing attitudes toward investment.

"The psychology is switching," said William Sullivan, director of money market research at Dean Witter Reynolds Inc. "The new collective wisdom is that inflation is not going to get out of hand, as we thought it might in the spring and summer, and the next major move in interest rates will be down, not up."

Reflecting this change, Merrill Lynch & Co. and some other brokerage houses have pushed long-term bonds with this sales pitch: A slowdown in economic growth means lower interest rates; therefore, buy bonds and lock in today's peak rates before they fall.

Stocks, on the other hand, are getting less attention, not because corporate profits are weak but because they would weaken in a recession, pulling down stock prices.

Similarly, with so much talk of a slowdown, and maybe a recession, home prices have stagnated in parts of the United States, discouraging real estate investment.

Because of the uncertainty about the future, Americans are showing a great preference for the safety of cash.

In effect, they have concluded that "there is more danger of a recession than a boom," said Richard B. Berner, an economist at Salomon Brothers.

But is this pessimistic view justified? There is no question that the

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Progress on Arms May Set the Course for Bush

By Joseph Fitchett
International Herald Tribune

PARIS — Money, which was part of the solution for Ronald Reagan in U.S. foreign policy, is going to be a large part of George Bush's problem.

Mr. Reagan, after lowering taxes, pursued a military buildup that restored U.S. prestige abroad and eventually helped obtain arms-control concessions from the Soviet Union. His popularity, for much of his term, intimidated Congress and prevented it from challenging this strategy.

Mr. Bush, in contrast, may be tempted to demonstrate quickly his ability to do business with the Soviet Union on arms control, now the centerpiece of East-West negotiations on global security.

An early success might enhance Mr. Bush's stature with U.S. allies and set the tone for constructive relations with the Democratic-controlled Congress, giving him a better chance of exerting leadership on the economic issues that loom large for his administration. In addition, a major new arms-control accord might permit Mr. Bush to escape a U.S. budget crunch by economizing on some expensive planned weapons.

In security affairs, Mr. Bush's central challenge is to forge a coherent policy within the alliance to cope with the changes promoted by Mikhail S. Gorbachev. If he fails, Western governments, still unable to agree among themselves on an East-West agenda, may drift separately into unbalanced agreements with the Soviet Union.

But Mr. Bush lacks the kind of financial leverage that Mr. Reagan enjoyed. Mr. Bush, as both his foes and friends know in Congress and abroad, is hamstrung by laws — voted in anger at Mr. Reagan's spending — requiring him to reduce the government's deficit.

Thus, he may have to choose between reneging on his promise never to raise taxes or else cut spending on such traditional levers of diplomacy such as the military budget and foreign aid.

Mr. Bush's first initiative is therefore likely to be a modest effort to get the Soviet Union to join Western governments in trying to stop sales of chemical weapons and ballistic missiles to Third World nations.

Although industrial nations are not directly threatened by these weapons, their proliferation, particularly in the Middle East, has provoked alarm. Successfully bringing the Soviet Union into an arrangement on chemical warfare and on missile technology would alleviate a direct military threat to some U.S. allies, mainly Israel, and gratify public opinion in other allied nations, notably in West Germany.

An issue that might appeal to Bush strategists is that of chemical-weapons proliferation, which was largely ignored by the Reagan administration. Action on the problem would not involve any extra U.S. spending.

On overall security policy, Western Europe is expected to draw more attention than Asia.

The authority of U.S. leadership, however, will depend on the Bush administration's performance in handling Mr. Gorbachev's impact on Western Europe. Because of Moscow's conciliatory tone, European concern

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Voters doubt that Bush can avoid a tax increase, a poll shows. Page 3.

Kiosk

Ecology Rally In the Ukraine

MOSCOW (AP) — Thousands of Ukrainians gathered in Kiev on Sunday to protest environmental damage, a participant reported.

Speakers discussed the 1986 nuclear accident at Chernobyl in the Ukraine, which has made an area with a radius of about 65 kilometers (40 miles) uninhabitable.

They also mentioned a disease that has caused more than 100 children in the zone of Chernobyl to lose their hair. Scientists suspect environmental poisoning, possibly through acid rain.

Pacific Alarmed by U.S. Waste Plan

By Michael Richardson
International Herald Tribune

SINGAPORE — U.S. companies dealing in waste disposal are planning to ship huge amounts of garbage and poisonous waste to the Pacific region to evade restrictions at home, according to anti-pollution campaigners.

Under one of the proposals, millions of tons of household garbage from the West Coast of the United States would be used for land reclamation in the Marshall Islands in the Pacific.

Officials and company representatives confirmed that detailed site studies would begin later this month.

Admiralty Pacific Inc., the U.S. company promoting the plan, said all the garbage would be nontoxic.

But Jim Vallette, who has studied the trade in toxic waste for nearly two years for Greenpeace, the environmental group, and is considered an expert in the field, said that the proposal was "an attempt to avoid U.S. pollution controls."

In a telephone interview Thursday, he said that extraction of all toxic material from the garbage would make the proposed venture unprofitable. "It would be an enormous task that would make their project so costly it would be economically unworkable," he said.

In every ton of U.S. garbage, Mr. Vallette said, there are about 20 pounds (about 9 kilograms) of such toxic material as cleaning fluids, solvents, lead-based paints, motor oil, pesticides and insecticides.

Pat Costner, an industrial chemist who is research director of a Greenpeace campaign against toxic waste in the United States, said in a telephone interview on Friday that common heavy metals found in household and other municipal garbage included mercury, lead, cadmium and chromium.

She said use of U.S. garbage as land fill on a Pacific atoll would result in the leaching of both heavy metals and toxic chemicals into the marine environment.

Many of these toxins, she said, are "bio-cumulative poisons which concentrate in the tissues of living creatures, such as fish and other marine life, on which islanders depend for food."

Since 1987, five Pacific islands — American Samoa, Papua New Guinea, the Solomon Islands, Tonga and Western Samoa — have rejected proposals by U.S. brokers to build large incinerators on their territory to burn hazardous waste shipped from the United States.

Officials said the brokers offered the governments of the islands a share in the profits, which they said

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Unity At PLO Meeting

Majority Emerges On UN Resolution Concerning Israel

ALGIERS — A majority of the Palestine National Council, the policy-making body of the Palestine Liberation Organization, has agreed to accept a United Nations resolution that implicitly recognizes Israel, delegates said Sunday.

The meeting of the 450-member PNC that began Saturday is expected to end Tuesday with a declaration of independence for the Israeli-occupied West Bank and Gaza Strip.

In previous meetings, the council has rejected UN Resolution 242, which contains a reference to the recognition of Israel.

A member of the executive committee of the PLO, Yasser Abed Rabbo, said that a draft formula on the PLO's view of a Middle East settlement included a clear reference to the UN resolution and had been accepted by a majority.

But Georges Habash, leader of the Popular Front for the Liberation of Palestine, told a closed session that it was futile to accept the resolution unless the Palestinians were sure of getting something in return, delegates said.

A spokesman for the PLO, Ahmed Abdul Rahman, said, "The PNC will come out with a political decision and a program of peace."

"In the political statement," he added, "we will adopt all resolutions of the UN Security Council dealing with the Palestinian question. What's more, we will emphasize Resolutions 242 and 338 as the basis for an international conference to achieve peace in the Middle East."

Resolution 242 calls for an end to hostilities and for Israel to withdraw from territories occupied in the 1967 war. Adopted by the Security Council in 1967, it implicitly recognizes Israel by referring to the right of all states in the area to live within secure and recognized borders.

Resolution 338, passed in 1973 during the Arab-Israeli war, calls for an end to fighting, implementation of Resolution 242, and for negotiations between Arabs and Israel toward "a just and durable peace in the Middle East."

The United States has made PLO acceptance of Resolution 242 one of its conditions for allowing the organization to take part in an international conference on the Middle East.

Washington also wants the PLO to recognize Israel explicitly and to renounce violence. These are concessions that the Palestinian leaders meeting in Algiers say they are not prepared to make.

(AP, Reuters)

Israel Remains Skeptical

Glenn Finkel of The Washington Post

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MONDAY Q&A

Representative Richard Gephardt said Democrats would be "aggressive" on trade policy. Page 2.

General News
Yitzhak Shamir won the backing of Israel's two major ultra-orthodox parties. Page 4.

Business/Finance
A Soviet-Japanese agreement on petrochemicals is called a setback for Occidental Petroleum. Page 9.

Personal Investing
U.S. investors are facing stiffer fees and less personal service as brokerages try to pass along higher costs. Pages 13-17.

For Bush, Transition Means Sun and Sea

By Gwen Ifill
Washington Post Service

DELRAY BEACH, Florida — There are transitions, and then there are transitions.

President-elect George Bush's current definition of Washington's currently favorite noun means two acres of beach-front privacy, a neighboring 18 holes of verdant golf course, a hot Florida sun and maybe a fishing trip or two during a post-election vacation that began here Thursday night. He will return to Washington on Tuesday.

Call it the Florida transition. The sea is turquoise, the beach sandy white and the pace tortoiselike as Mr. Bush decompresses from that frenetic final week of campaigning that took him careening around the country through multiple time zones to a screaming election-night halt in Houston. And then on to Washington the next day.

Mr. Bush, his wife Barbara and their dog Millie were whisked out of the capital Wednesday evening aboard Air Force One — a tribute to their new status — for a visit to Delray Beach with old family friends, a millionaire horse breeder named William Stamps Farish 3d and his wife Sarah.

Mr. Farish, who manages Mr. Bush's blind trust and has known him since their old days in Texas, lives in Gulf Stream, a community of 550 residents that is home to a score of secluded mansions, two sprawling golf courses, a private school and an 11-member police force.

The force, for whom a crisis is normally an overturned mailbox along tiny Route A1-A, has been strained to the limit with the arrival of the president-elect, his security men and reporters.

For the most part, the natives seem pleased but unflustered by the attention.

"VIPs live all over this town," said Sergeant Gene Williams of the Gulf Stream police force, who patrolled the palm-lined Farish driveway Friday. "But I guess this is the number one VIP."

Mr. Farish, the grandson of the founder of Humble Oil, was on Forbes magazine's 1984

list of America's 400 richest people. A horseman active in polo and racing circles, he has twice received Queen Elizabeth II at his Lexington, Kentucky, home.

The Farishes' newly built three-bedroom Florida house, painted a sun-washed yellow and visible only from the beach, has become a fortress during the president-elect's visit.

But the cordoned-off beach has proven no barrier to enterprising camera crews, who patrol the shore by helicopter and rented boats.

Stephen Hart, a spokesman for Mr. Bush and one of the few staffers brought along, said Thursday that Mr. Bush spent the bulk of his day exercising and resting: a long swim, a 20-minute run and a nap.

But the president-elect did spend some time on the telephone Friday morning — poolside, of course — accepting congratulations and extending thank-yous to people who worked on his behalf, including Governor Carroll A.

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Relaxing, the president-elect is splashed by the surf as he casts a line off the Florida coast.



Georges Habash, left, hearing a plea Sunday in Algiers by Paul Cools of Belgium for help in freeing his son, Jan, a hostage in Lebanon.

Gephardt Says Democrats Will Be 'Aggressive' Over Trade

Known for his firm positions on trade issues, Representative Richard A. Gephardt of Missouri sponsored tough legislation last year that influenced the omnibus trade bill signed in August by President Ronald Reagan. Mr. Gephardt, 47, who sought the Democratic presidential nomination, was elected last week to his seventh term in the House, where he is chairman of the Democratic Caucus. In Tokyo to launch a promotional project for the exports of small and medium-sized U.S. companies, he spoke Sunday with Patrick L. Smith of the International Herald Tribune.

is a good deal of unrest and dissatisfaction with regard to trade policy. Americans feel we are losing good-paying jobs to other countries and that our standard of living is ultimately threatened. However, the unemployment rate, the inflation rate and all of the other indicators were such that people were not willing to change the presidency.

Q. What is the Democratic strategy going to be in Congress? Many commentators have noted that Mr. Bush may have a more difficult time with Congress than Mr. Reagan. Is it going to be a tough relationship?

A. We're going to be aggressive and assertive on the Democratic side, for instance on trade policy. We've passed a new trade bill, which partly reflected our dissatisfaction with the Republicans' lack of aggressiveness. We will be watching closely to see that the administration is enforcing that bill and using it to force open foreign markets.

Q. And on the budget question? A. There will be a good deal of difficulty in agreeing on how to deal with the deficit. Bush ran saying he would not raise taxes, cut defense spending or reduce entitlements. If that is the stance, I can't see much progress on deficit reduction. Ultimately the budget forces everything else off the agenda. You can't do much about the environment, education or health care if you don't have money, and it's not likely we'll attack those problems very vigorously.

Q. The administration has been very comfortable with Japan over the past year. Secretary of State George P. Shultz called it the best year he could remember in bilateral relations. What is your view? A. I'm glad he's satisfied with a \$60 billion trade deficit. I can't imagine how anyone could be. We do have a strong relationship, and no one is suggesting that be damaged or changed. Where the administration falls down is in being more aggressive about getting the Japanese to open their market. We have cut funding for the Foreign Commercial Service [which aids U.S. companies abroad]

and for almost every other part of the government that could help us export. Q. Mr. Shultz was talking specifics. The dispute over beef and oranges has been solved, construction access has been... A. These issues have not been solved. There has been limited progress on both fronts. There have been statements and agreements, but we still haven't realized the ability to enter those markets that we want. Beyond that, the real challenge is how we can sell more manufactured items.

Q. Elsewhere in the region, one senses increasing restiveness with U.S. officials who lump such countries as Taiwan and South Korea together with Japan. A. They should be treated separately, but they're not Third World countries. They've come a good way past that, and they have to open their markets as well. I've also been concerned about their relations with regard to monetary reform. The Treasury recently published a report saying that South Korea and Taiwan had been negligent in not letting their currencies float. Q. The Taiwan dollar has appreciated

more than 40 percent over the past couple of years. Isn't that sufficient? A. The point is to let the market determine that, and not have it calculated by the Taiwanese to achieve some economic goal. Q. Are you concerned about anti-Americanism in the region? A. We all gain from open markets. Rather than be afraid of opening them, we should look forward to them. I have high respect for the Japanese, the Taiwanese and the South Koreans. We shouldn't confuse disagreement with disrespect.

Q. There are discussions in both Washington and Tokyo on graduating the bilateral relationship into something more institutional—a free-trade agreement or something similar. Is this important to you? A. It's an ultimate goal. As a near-term goal it's too ambitious. We can begin talking about a broader range of issues, rather than one commodity at a time. But to begin negotiating a free-trade treaty now is asking too much. It would raise expectations too high.

WORLD BRIEFS

Namibia-Angola Talks Are Extended

GENEVA (Reuters) — Angola, Cuba and South Africa decided Sunday to extend U.S.-mediated talks on peace in Angola and South-West Africa into an unscheduled fourth day and planned their first joint meeting of the current negotiations. Sources said the joint session would be to discuss progress made by Chester A. Crocker, the U.S. mediator, in separate meetings with South African, Cuban and Angolan representatives. The negotiators are trying to agree on a timetable for the withdrawal of an estimated 52,000 Cuban troops from Angola in return for the independence of South-West Africa, also known as Namibia, after 73 years of South African rule.

U.S. Anti-Drug Campaign Criticized

WASHINGTON (WP) — Despite more than \$100 million in funding over the past four years, U.S. anti-drug efforts in Colombia and Bolivia have been almost entirely ineffective, the General Accounting Office reported. It said the cultivation of drug crops has increased dramatically in both countries. The strongly worded report contrasts sharply with State Department claims that programs being funded through its Bureau of International Narcotics Matters are achieving some success in Latin America. During the last fiscal year, the bureau provided \$98.7 million in anti-narcotics aid to 11 nations, including \$15 million to Bolivia and about \$11 million to Colombia. The report said, however, that these programs have had so little impact that the amount of South American production of coca — from which cocaine is made — doubled between 1982 and 1987. The report said that Peru, Bolivia and Colombia accounted for almost all of the increase.

Brazil Refinery Strike May Spread

RIO DE JANEIRO (AP) — Tens of thousands of oil refinery workers were on strike for higher wages Sunday. Eight of Brazil's 10 refineries were at a standstill and stocks of fuel running low. "The strike continues and adhesion is higher daily," said João Borges, director of the Rio de Janeiro Petrol Workers' Union. "We expect that by Monday, the remaining two refineries will be forced to close and offshore platform workers will also cross their arms." About 42,000 of the country's 60,000 oil refinery and platform workers went on strike Friday. They seek pay increases of 154 percent to make up for losses caused by inflation, which is running at 28 percent monthly.

One Dead in Lebanon UN Post Siege

JERUSALEM (UPI) — An Palestinian gunman who was believed to be under the influence of drugs or alcohol killed a civilian Lebanese interpreter on Sunday at a UN post in southern Lebanon before being overpowered by Finnish soldiers. The capture of the man ended a 19-hour standoff. The gunman, along with three other men and a woman, had overpowered a guard Saturday night at the post near Taibe, Lebanon, a spokesman for the UN Interim Force in Lebanon said. They were armed with hand grenades and automatic weapons, the spokesman, Timor Goksel, said. He said the intruders apparently were lost and had demanded to be taken to the Lebanese port city of Sidon. Negotiations were begun, and four of the intruders surrendered Sunday, Mr. Goksel said. They said they were members of the Fatah faction of the Palestine Liberation Organization. The Moslem Voice of the Nation radio, monitored in Beirut, quoted security sources as saying that the group apparently was on a mission to attack Israeli targets near the Israeli-Lebanese border, which is less than two miles (three kilometers) from the UN post.

El Salvador Rejects Leftist Truce Call

SAN SALVADOR (Reuters) — Colonel René Emilio Ponce, chief of the Salvadoran armed forces, has dismissed a call by leftist rebels for a truce during the Organization of American States assembly here next week. "I have received no orders to suspend operations," Colonel René Emilio Ponce said Saturday. He said captured rebel documents spoke of turning the area of the assembly venue into a "war zone" when a five-day truce called by the rebels ended on Friday. Senior commanders of the Farabundo Martí National Liberation Front in Mexico City declared the truce beginning at midnight Sunday and appealed to delegates to back their call for a negotiated solution to the war, which has claimed 65,000 lives in the past decade.

Kohl to Meet With Reagan and Bush

BONN (Reuters) — Chancellor Helmut Kohl of West Germany will say farewell to President Ronald Reagan and greet the future president, George Bush, during a trip to the United States that begins Monday. A government spokesman, Friedhelm Ost, said Mr. Kohl would see Mr. Reagan and Mr. Bush on Tuesday, making him the first foreign head of government to meet the president-elect. Mr. Kohl is to give the keynote address Monday at a New York ceremony marking the 80th birthday of Simon Wiesenthal, head of the Jewish Documentation Center in Vienna.

Kin of President Is Slain in Haiti

PORT-AU-PRINCE, Haiti (NYT) — A brother-in-law of Haiti's president was found murdered Saturday in his car on a busy street in the capital, the police said. Officials identified the slain man, whose body was reportedly riddled with bullets, as Louis-Marie Bonnet. His wife is a sister of Lieutenant General Prosper Avril's wife, Marie-Ange Nazon. There was no immediate statement from the presidential palace, where General Avril, a longtime confidant and adviser to the Duvalier dictators, was installed in a coup in mid-September.

For the Record

Yunnan earthquake damage was estimated by Chinese regional officials Sunday at more than \$268 million, but they said the death toll of 938 was not expected to rise substantially. (AP)

TRAVEL UPDATE

Italian Air Controllers Call Strikes

ROME (AP) — Alitalia Airlines and its domestic subsidiary, ATI, announced that dozens of flights would be canceled Monday and Tuesday because of strikes called by air traffic controllers. All national and international flights to and from Milan, Turin, Genoa and Pisa will be canceled from 7 A.M. to 7 P.M. Monday during the walkout. On Tuesday, flights to and from all Italian airports, including Rome's Leonardo da Vinci airport, will be canceled because of a nationwide strike from 7 A.M. to 8 P.M.

U.S. Agency Offers Booking System

NEW YORK (NYT) — A computerized booking system for hotel guests allowing them to make hotel, airline or car rental reservations in their hotels will be introduced Monday by a Miami-based travel agency. Edd Helms, founder and president of Hotelicity Inc., said that the system, called Hotelicity, would allow hotel guests to make reservations by calling a central reservation clerk in Miami through a toll-free number. After the clerk checked the person's credit, a satellite printer in the guest's hotel would then produce the appropriate tickets. Airline tickets come with boarding pass and seat assignment.

A private ferry service between Boston and Martha's Vineyard has been denied a new license to operate by the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority. (NYT)

This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

- MONDAY: Colombia, Guinea-Bissau, Jordan.
- TUESDAY: Brazil.
- WEDNESDAY: West Germany.
- THURSDAY: Zaire.
- FRIDAY: Haiti, Morocco, Oman.
- SATURDAY: Belize, Mali, Monaco, Oman, Puerto Rico.
- SUNDAY: Mexico.

Source: Morgan Guaranty Trust Co., Reuters

Intellectuals Denounce Planned Soviet Shifts

By David Remnick
Washington Post Service
MOSCOW — Leading figures in what has long been considered President Mikhail S. Gorbachev's prime constituency — the Moscow intelligentsia — have denounced the Kremlin leader's proposed changes in the Soviet political system as a dangerous step backward. The sharp attack on Mr. Gorbachev's constitutional reform program came at a meeting Saturday of a group called "Moscow Tribune," whose membership includes some of the best-known and most influential pro-reform intellectuals in the capital, including the playwright Mikhail Shatrov, the historian Yuri Afanasyev, the poet Andrei Voznesensky and the human-rights activist Yelena G. Bonner, the wife of the physicist and dissident Andrei D. Sakharov.

Chief among the criticisms raised by members of the group was that the draft laws on political reorganization defy Mr. Gorbachev's stated intention: to transfer power from the Communist Party to the people in the form of elected local governing bodies.

Such laws, they said, would prevent such nonparty groups as the recently emergent popular fronts in the Baltic republics from running candidates for the Soviet legislature and do nothing to prevent one

man from holding the top position in the government and in the party. Since Oct. 1, Mr. Gorbachev has held both posts, and he is expected to retain them after government elections set for the spring.

"This will not suffice," Anatoli Butenko, a professor at Moscow State University and a well-known writer, told the gathering. "The vast majority of the people are not party members, and they took no part in all of this. The party decided everything even though they constantly talk about democratization. What kind of glasnost is this?"

Mr. Afanasyev, the historian Mikhail Gelfer and a number of other intellectuals formed Moscow Tribune last month with the hope that it would study and criticize government actions.

Although the government has called for a "national discussion" on the constitutional changes, Moscow intellectuals and activists in the Baltic republics are concerned that the debate will be too short and too late.

In his remarks, the historian Leonid Botkin said the party was "badly mistaken" to have issued complete draft laws without first consulting nonparty jurists, activists and scholars, and then to have called for a vote on the new proposals in the Supreme Soviet, or legislature, just a month later, on Nov. 29.

"It's impossible to understand how, in a time of radical reform, they could have taken such an approach," Mr. Botkin said. "We have been waiting a thousand years for democracy in this country. Why can't we wait another three



SAKHAROV IN WASHINGTON — Andrei D. Sakharov, the most prominent Soviet dissident, being greeted in Washington by Lynda Yevsyukov, a Soviet immigrant. Mr. Sakharov, who was awarded the Nobel Peace Prize in 1975, is scheduled to meet Monday with President Ronald Reagan.

months? But the train has already left the station."

The Soviet government has rewritten its constitution four times since the 1917 Bolshevik Revolution. The last revision came in 1977 under President Leonid I. Brezhnev, and Western scholars say it assigned more power to the Communist Party than even the 1936 constitution framed under Stalin.

Leonid Volkov, a writer active with informal political groups in Moscow, agreed with other speakers on the need for discussions and care in formulating the new constitution. "There never really was a constitution in this country before," he said.

"In a sense," he added, "this is the first. A constitution is not just something written on a piece of paper, but a collection of legal principles, ideas and relationships. And these questions are just not worked out."

Reaction to the draft laws from the country at large could have extraordinary political repercussions for the Kremlin. In Estonia, for example, hundreds of thousands of signatures have been collected for petitions protesting the constitutional changes, and an emergency session of its legislature scheduled for Wednesday may consider proposals to exercise veto power over directives from Moscow. The chief national newspapers, Pravda and Izvestia, have carried only mild criticism of the draft laws, but the letters column in the weekly Moscow News has indicated that concern about the changes is not limited to members of Moscow Tribune.

One correspondent, identified as a party member and construction engineer from the Black Sea city of Sochi, wrote recently: "The proposed legislation says, 'As a rule, ballots should list more candidates than there are seats.' I suggest that Article 100 in the constitution and Article 9 in the proposed law on election of people's deputies should say it straight: 'There should be at least two candidates on the ballot for every seat.'"

have set ceilings on fares. But he said it was unclear how new price controls could be imposed equitably and yet keep the competitive atmosphere established since deregulation.

"It's a nightmare," he said. "The trouble is that it's almost impossible to do." Melvin A. Brenner, an economist who once worked for American Airlines and Trans World Airlines, said the higher prices were "unfair to the customer." He said the large carriers were using the freedom of deregulation to gain monopolies on the markets they serve.

He and Mr. Kahn acknowledged that prices were still lower overall than they were before deregulation, with inflation taken into account, but they noted that this was largely because of discount fares and their wide use.

Regular coach fares will not increase because of the changes, the airlines said.

The move is being led by one of the nation's largest airlines, Continental, which put the fare restructuring into its computer system late last week. The change is expected to affect most major markets in the country.

Other big carriers, like Delta, American and Northwest Orient, have acted in recent days to eliminate the short-notice discount fare

Key Route Said Cut in Afghanistan

New York Times Service

LAHORE, Pakistan — Afghan guerrillas say that they have blocked the road north from Kabul to the Soviet border in an offensive that has killed 20 Soviet soldiers. The road, the Salang Highway, is important in supplying Kabul with arms and other supplies and as an exit route for heavy Soviet equipment.

There was no independent confirmation of the report, issued on Saturday by the Islamic Society guerrilla organization, which said five guerrillas had died in the fighting.

The guerrilla commander in the region had threatened to block the route a week ago in response to Moscow's introduction of new planes and missiles in Afghanistan and its announcement that it was suspending troop withdrawals.

The Soviet Union has pledged in records signed in Geneva to complete the withdrawal of its forces by Feb. 15.

Soviet land convoys have to use the Salang Highway and had made their way out of the country unimpeded until the guerrilla offensive

2 Flee to West Germany

HANNOVER, West Germany — Two East Germans climbed border fences and escaped to West Germany near the West German town of Göttingen during the weekend after their plan to ram a truck through frontier barriers failed, the police reported.

U.S. Airlines Dropping a Popular Discount Fare

By Agis Salpukas
New York Times Service

NEW YORK — Most major U.S. airlines last sharply curtail one of their most popular fares starting Tuesday as part of a broad overhaul of the discount programs

that have saved business and other travelers hundreds of millions of dollars.

The change will end discounts on tickets that are reserved three to seven days in advance, forcing people traveling on short notice to pay much higher regular fares.

The change comes just before the Thanksgiving period and the start of the heavily traveled winter holiday season.

The new available discount fare has a 14-day advance-purchase requirement and other restrictions, such as staying at the destination over a weekend. Such conditions mean that most business travelers will not be able to use the fares.

The discount to be eliminated amounted to as much as 25 percent on some heavily traveled routes. For example, the Newark-to-Houston fare with the discount was \$305 one way, compared with a regular coach fare of \$405.

The move raises once again the concern that deregulation of the airline industry may in the long run force passengers to pay higher fares than they would have when the industry was regulated.

"I'm troubled," said Alfred E. Kahn, who was chairman of the Civil Aeronautics Board in 1977 and 1978 when the industry was deregulated.

Mr. Kahn said certain types of passengers, such as business travelers, were paying much higher fares, even when adjusted for inflation, than they were when the industry's fares and routes were regulated by the board.

He said that "if it gets bad enough," the government might

Citing the Costs, Managua Delays Elections

Washington Post Service

MANAGUA — The government plans to postpone until 1990 municipal elections that were expected next year because it cannot afford to hold them, Luis Carrion Cruz, the minister for economic affairs, said in an interview.

Mr. Carrion, one of the nine top leaders of the Sandinista National Liberation Front, the government

party, said that the economy was in "extremely critical" condition after a hurricane in late October caused more than \$900 million in damage.

The government had pledged to hold elections in 1989 to choose mayors for the hundreds of towns and cities in Nicaragua. In an interview in June, President Daniel Ortega Saavedra said the vote would probably be held in March or April.

Opposition political parties had hoped to capitalize on discontent over the economy to win many of the local elections.

But Mr. Carrion said last week that there was substantial agreement among Sandinista leaders that it would be too costly to hold mayoral elections next year and presidential balloting, as required by the constitution, in 1990. The current plan is to hold them simultaneously, he said.

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Canadians Can't Be Had for a Song

As Mulroney Is Now Finding Out

By Herbert H. Denton
Washington Post Service

TORONTO — When Brian Mulroney was a poor boy, growing up in a backwoods Quebec mill town that produced newspaper for the Chicago Tribune, he would be summoned for command performances whenever the newspaper's legendary owner, Colonel Robert R. McCormick, came to visit.

With a fine soprano voice, young Brian would stand on a piano in the dining room and sing "Dearie" and other Irish ballads for the delighted colonel, who would reward him with tips.

Years later, in 1985, when Mr. Mulroney became prime minister of Canada and President Ronald Reagan came up on a state visit, he stood on a stage with Mr. Reagan and sang in a rich baritone, "When Irish Eyes are Smiling."

Mr. Mulroney revels in those displays of musical affection for American friends, but the memory makes many of his countrymen cringe. For them, the singing suggests a certain servility and now they are nagging him that he may be too eager to please the Americans.

This anguish drives the concern of Canadians about Mr. Mulroney's commitment to an independent Canada. It hangs over the hotly contested political campaign for the Nov. 21 elections in which the U.S.-Canadian free trade agreement he negotiated with Mr. Reagan has become the central, highly emotional issue.

The pact, which would take effect Jan. 1, proposes removing virtually all hindrances to the flow of goods between the United States and Canada over the next decade.

Mr. Mulroney began the campaign Oct. 1 with a strong early lead but fell sharply in the polls after his opponents launched an all-out attack, accusing him of "selling out" Canada in the deal.

Although they cite no hard evidence from the agreement, the opposition Liberal and New Democratic parties have convinced large numbers of Canadians that the pact threatens Canadian sovereignty and puts in jeopardy the country's generous social programs, according to several polls.

Mr. Mulroney adamantly denies this, and nearly all experts who have closely examined the agreement concur. But he is having a hard time convincing the electorate. Acknowledging voter mistrust of the prime minister, Bill Fox, one of Mr. Mulroney's chief advisers, said: "They still believe he's singing for the colonel."

Opponents argue that the removal of trade barriers would inevitably force Canadian firms to harmonize such things as costs and employee benefits with the practices of U.S. companies.

Canadians pay higher taxes than Americans do to support an array of social programs, the most cherished of which is a government-supported universal medical insurance program. But opponents say this would be unlikely to continue if both countries are more closely integrated economically.

The critics have also seized on a section of the pact that calls on Canadian and U.S. negotiators to agree on definitions of fair and unfair export subsidies, a move that critics say could force Canada to abandon many social services not available in the United States.

Most Canadians tend to view the United States with a complex mixture of admiration, envy and fear. They think Canadian-U.S. relations got too prickly during the 11-year reign of former Prime Minister Pierre Trudeau. Now they are concerned that Mr. Mulroney has got too close.

The political campaign also comes at a time when English-speaking Canadians, especially artists, scholars and intellectuals in Ontario, are groping to define a Canadian identity.



Prime Minister Brian Mulroney meeting a supporter at a campaign rally in Quebec City.

speaking Canadians, especially artists, scholars and intellectuals in Ontario, are groping to define a Canadian identity.

The prospect of closer economic relations with the United States that could lead to greater political and cultural integration has become the catalyst for a national debate on what is unique about Canada and what is threatened.

Unlike many of his countrymen, and many of his predecessors as prime minister who fought with American presidents, Mr. Mulroney has always felt comfortable with Americans. He is particularly fond of the Horatio Alger story of rags to riches success, which in many ways mirrors his own.

Mr. Mulroney also has a flashy style and a penchant for boasting and exaggeration, which is not held against him in Quebec but which causes him problems in English-speaking Canada. His gifts as a salesman and a deal maker exacerbate suspicions about him.

"It is Mulroney's singular misfortune on television to look phony even when he's being natural," Jeffrey Simpson, a columnist for the Globe and Mail of Toronto, wrote in a recent, mostly favorable magazine portrait of the prime minister.

A poll by the Canadian Broadcasting Corp. released Thursday found that exactly half of all voters felt that Canadian political independence was at risk and nearly as many worried about the impact of the trade agreement on their social programs.

Although a Gallup Poll published Monday put the Liberal Party ahead of Mr. Mulroney's Progressive Conservatives, other opinion surveys, including polls released by CBC and the Globe, have indicated that the two parties are now running neck and neck, with the New Democrats a distant third.

The Liberals have made major inroads in Ontario, a bastion of Canadian nationalism, and in Atlantic Canada where voters in the area's poorer provinces are fearful that the trade agreement might mean the loss of government subsidies that bolster their economies.

The Conservatives are still strong in western Canada, which is rich in natural resources and in Quebec, where because of the French heritage there is less fear that closer economic relations with the United States will mean a loss of political identity.

But residents of Quebec have become more concerned recently over charges that social programs are threatened, and many regard the fight for Quebec to be the most important.

One possibility is that no party will win a majority of seats. This would more than likely spell the death of the trade agreement.

Significantly, all the major polls indicate that most people rate Mr. Mulroney's competence as prime minister higher than that of his adversaries, although he gets low marks for honesty and likability.

Most of those killed, the rights group said, were peasants and leftists, such as students and union organizers.

And he traced the murders to leftist extremists.

According to one monitoring group, the Center for the Investigation, Study and Promotion of Human Rights, 75 people were assassinated in September, the last month for which figures were available, up from 71 in August and 57 in July.

Spokesmen for the group said they had compiled the list from public reports and that their figures included only a fraction of politically motivated killings in the country.

Voters Doubt Bush Can Avoid A Tax Increase, a Poll Shows

By David S. Broder and Richard Morin
Washington Post Service

WASHINGTON — American voters may have read his lips, but they still doubt that President-elect George Bush will manage to keep his campaign promise not to raise taxes, according to a recent Washington Post poll.

Almost eight of 10 people in a survey of 599 likely voters, who were interviewed for four nights ending on Election Day, said they would like to see no tax increases in the next four years. But only one in three expected to see that hope fulfilled.

Those who supported the Democratic presidential nominee, Michael S. Dukakis, were virtually as eager for a tax freeze as Bush backers. But they were dubious, and the Bush backers even more so, that the next president would be able to avoid a tax increase.

The survey showed that, if the American people could set the agenda for the Bush administration and the 101st Congress, the top items would be:

- Effective programs to fight the drug problem.
- Another major nuclear arms reduction agreement with the Soviet Union.
- More federal aid to help clean the environment.
- A 50-percent reduction in the U.S. budget deficit.

On a list of 14 promises made by one or both candidates in the campaign, those four commanded the highest support.

Bipartisan majorities of about 90 percent or more said they hoped those goals would be met. But their expectations varied enormously. Only one-third expected to see the budget deficit cut in half, while two-thirds or slightly more thought that the drug, environmental and arms-control goals were realistic.

There was hardly any difference between Bush and Dukakis supporters in their desire for action in those four fields.

The House majority leader, Thomas S. Foley, a Washington Democrat, said that the survey suggested "plenty of areas of common approach" for the president-elect and the new Congress. But he said the agenda was "largely unframed" because Mr. Bush ran "such a negative campaign."

A possible signal of future trouble for Mr. Bush can be found in his stated goal of providing more money to develop and test the Strategic Defense Initiative championed by President Ronald Reagan.

By 56 percent to 36 percent, the respondents said they had no desire to see that happen. Mr. Dukakis had labeled the "star wars" program "a fantasy," and his supporters were opposed by almost 4 to 1 to greater spending on it. But among Bush supporters, SDI commanded only a 5-to-4 advantage.

Freezing taxes was part of a second tier of agenda items, each commanding support from three-fourths or slightly more of the voters. Restoration of voluntary prayer to classrooms, an issue Mr. Bush took over from President Reagan, shared this category with two items that Mr. Dukakis promoted in his losing campaign: health insurance for all employees and their families, and legislation that would make it easier for students to borrow money for college and repay it from future earnings.

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BRIEFS

Links Are Extended
Cuba and South Africa...
...day and planned these...
...to discuss progress...
...in separate meetings...
...a timetable for the...
...Angola in return for...
...known as Namibia, after 13...

Campaign Critic
...more than \$100 million...
...ing efforts in Colombia...
...the General Accounting...
...ing crops has increased...

Strike May Spread
...of thousands of oil refinery...
...Sunday. Eight of Brazil's 10...
...had running low...
...is higher daily," said...
...Workers' Union. "We...
...will be forced to close...
...their arms."

anon UN Post
...gambian gunman who was...
...or alcohol killed a...
...post in southern Lebanon...
...The capture of the man...
...other men and a woman, had...
...be posted near Taibe, Lebanon...
...a Lebanon said. They...
...explosives, the spokesman...
...early were lost and had...
...of Sidon.

Leftist Truce
...Colonel René Emilio Ponce...
...dismissed a call by leftist...
...American States assembly...
...suspend operations,"...
...said captured rebel...
...issue into a "war zone"...
...on Friday.

Reagan and
...Helmut Kohl of West...
...Reagan and greet the...
...United States that...
...edhelm Ost, said Mr. Kohl...
...sday, making him the...
...ent-elect.

Slain in Haiti
...A brother-in-law...
...sday in his car on a...
...whose body was...
...yet. His wife is a...
...-Inge Nazon.

UPDATE

Call Strikes
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...would be canceled...
...r traffic controllers...
...ights to and from...
...A.M. to 7 P.M. Monday...
...d from all Italian...
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...puterized booking...
...airline or car rental...
...day by a Miami-based...
...nt of Hotelecoopy Inc...
...allow hotel guests...
...a clerk in Miami...
...person's credit...
...seat assignment...
...on and Martha's...
...the Woods Hole...
...y.

Notes About People
...Ronald Reagan is...
...a secretary's dream...
...one of the president's...
...secretaries reports...
...he finds a typographical...
...error in one of the...
...letters they have...
...typed for him, he...
...will attempt to...
...correct it with his...
...pen: "He doesn't...
...even want to ask...
...us to retype a letter."

Short Takes
...The California Task...
...Force to Promote...
...Self-Esteem and...
...Per-

Guatemala Rights Violations Reported to Increase

By Lindsey Gruson
New York Times Service

GUATEMALA CITY — Human rights violations, including kidnappings, torture and murder, have sharply increased in recent months, especially in rural areas where government authority is weakest, according to rights monitors.

Roman Catholic Church officials and Western diplomats here. "In spite of two and a half years of civilian government, Guatemala remains one of the worst human rights violators in the hemisphere," said Anne Manuel, an observer for Americas Watch, a privately financed rights organization based in New York.

While even close advisers to the president acknowledge that he is unable to control the army, they say that the administration of Mr. Cerezo, a Christian Democrat, is a first, small step toward building a free society.

"This is a transition government," said one of Mr. Cerezo's advisers, who asked not to be further identified. "We haven't changed the structure of violence, but we've begun to vaccinate the society against the extremes. The human rights groups are naive when they demand overnight changes."

Spokesmen for the government, which ended 16 years of often brutally repressive military rule, disputed charges that the political violence was growing.

They said the increase in the number of murders was part of a crime wave, which rightist newspapers are sensationalizing.

Colonel Luis Arturo Isaacs Rodriguez, chief spokesman for the army, compared the killings to gang violence in Chicago in the 1920s and '30s.

He argued that the army checked the country's embryonic international standing, which would suffer if the military were linked to new human rights violations.

And he traced the murders to leftist extremists.

According to one monitoring group, the Center for the Investigation, Study and Promotion of Human Rights, 75 people were assassinated in September, the last month for which figures were available, up from 71 in August and 57 in July.

Spokesmen for the group said they had compiled the list from public reports and that their figures included only a fraction of politically motivated killings in the country.

In contrast, there were an average of 33 politically related killings in the first 10 months of Mr. Cerezo's presidency, according to an estimate by Central America Report, a respected weekly based in Guatemala.

Most of those killed, the rights group said, were peasants and leftists, such as students and union organizers.

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AMERICAN TOPICS

Donating Own Blood For Use in the Future

Donating blood for one's own use later has become increasingly common, doubling in the past two years, The New York Times reports. The major reason for this surge, medical experts say, is fear of being infected by contaminated blood.

They say this fear is largely unfounded. With AIDS, for example, advances in testing have reduced the odds of receiving contaminated blood to 1 in 100,000.

But there are other reasons. Blood that is autologous — that is, derived from the same individual — eliminates much of the risk of reactions, viral infections or other adverse effects. It is particularly suitable for people with antibody problems.

42 Civilians Massacred In Colombia

Compiled by Our Staff From Dispatches
BOGOTA — Gunmen descended on the northern Colombian town of Segovia and nearby ranches, killing 42 civilians and injuring 57 during more than two hours of shooting, the local authorities said.

Military sources blamed leftist guerrillas for the massacre Friday night, the worst in recent Colombian history. But the municipal council of Segovia said that rightist death squads were responsible.

The national directorship of the Patriotic Union said that the massacre was the work of a paramilitary group of about 30 people in four vehicles.

Notes About People

A Finnish-built Soviet icebreaker succeeded last month where a smaller U.S. Coast Guard icebreaker failed, cutting a channel to free trapped whales in the Beaufort Sea west of Alaska. Federal law blocks the Coast Guard from buying foreign-made icebreakers.

But a man identifying himself as Commander Orlando from the Liberation Army, in a call to a radio station in Medellin, denied his group's responsibility for the attack. He blamed paramilitaries backed by drug traffickers.

Although General Rojas said the attackers shot indiscriminately at civilians, the Segovia municipal council said some of the killings were selective. The Segovia ombudswoman, Johana Montana, said gunmen raided houses, checked identities and killed many members of the Patriotic Union.

Short Takes

Near the end of the vast Dege exhibit at New York's Metropolitan Museum of Art, Joan Diamond, a reader of The New York Times, says she overheard one woman, exhaustion in her voice, ask a woman companion, "Can we start skipping the small ones?"

President-elect George Bush is reported to be nearly as fond of jelly beans as Mr. Reagan. But The New York Times reports that his favorites for nibbling on between meals are crunchy, salty pork rinds.

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35 Countries Unite in Drive To Fight 'Greenhouse Effect'

By Burton Bollag
New York Times Service

GENEVA — Representatives of 35 nations, including the United States, have begun an international effort to evaluate global climate trends and map policies to cope with the drastic consequences a global warming would have on human life.

In a three-day meeting that ended Friday, they established working groups to:

- Assess scientific evidence and historical temperature records to determine if a global warming trend had really begun, and to look at its causes.
- Assess the environmental, economic and social impact of climate change.
- Formulate responses. This group will be headed by the United States.

The effort could lead to an international treaty to reduce the emissions of carbon dioxide and other gases that are believed to collect in the atmosphere, trapping heat from the Earth in a "greenhouse effect."

The Geneva meeting was organized by two United Nations agencies: the UN Environment Program and the World Meteorological Organization.

The findings of the three groups are to be ready by mid-1990. The executive director of the Environment Program, Mostafa K. Tolba of Egypt, told the meeting that those conclusions should be sufficiently advanced "to justify actions by governments to limit and cope with climate change and to start negotiations" for a treaty.

Officials say responses would center on changing global energy policies to use fossil fuels more efficiently and to limit and ultimately reduce their use.

Fossil fuels are the main source

of atmospheric carbon dioxide, thought to be responsible for about 50 percent of global warming.

Other major culprits are methane, nitrous oxide and chlorofluorocarbons. Chlorofluorocarbons, which are used as aerosol propellants, refrigerants and in injected foam, are also believed to contribute to the destruction of the protective ozone layer.

The Montreal Protocol on protecting the ozone layer, signed last year, commits industrialized countries to a 50-percent reduction in the use of chlorofluorocarbons by 1999. Officials say a likely measure to combat global warming would be to reduce the use of chlorofluorocarbons further.

"The fact that the U.S. could come here with a coherent position and a high level of representation was positive," said Rafe Pomeroy, senior associate of the Washington-based World Resources Institute, which has in the past criticized the Reagan administration on this issue.

The UN Environment Program and its head, Mr. Tolba, are seen as prime promoters of an international treaty on global warming. This follows the program's successful conclusion of the Montreal Protocol and current negotiations on a treaty to sharply limit exports of hazardous wastes, expected to be ready for signing at a ministerial meeting scheduled for next March in Basel, Switzerland.

tion and tremendous dignity."

In World War II he took part in a series of daring secret missions that paved the way for the invasion of North Africa and later the surrenders of the Italian Army and German Army.

In the Korean War he was decorated for gallantry for leading infantrymen through fierce battles.

In the 1960s, as chairman of the Joint Chiefs, he supervised the strengthening of American troops in Europe in response to the Berlin crisis.

Lyman Louis Lemnitzer was born Aug. 29, 1899, in Honesdale, Pennsylvania. The future general of German Lutheran descent, graduated 86th in a class of 271 cadets at West Point in 1921.

In 1941, before the United States entered World War II, Major Lemnitzer was assigned to the War Department's War Plans Division. By September 1942 he was a brigadier general assigned to General Dwight D. Eisenhower's staff in London as assistant chief of staff in



Demonstrators in Tel Aviv urging Labor and Likud to form a coalition and revise Israeli election law.

2 Religious Parties Endorse Shamir

By Glenn Frankel
Washington Post Service

JERUSALEM — After nearly two weeks of political maneuvering, Israel's two largest ultraorthodox religious parties endorsed Prime Minister Yitzhak Shamir on Sunday as their choice, ensuring that Mr. Shamir would be named Monday by President Chaim Herzog to form a new government.

To win their endorsement, Mr. Shamir promised to give the two parties control of four major government ministries and to win approval in the Knesset within the first three months of his government of laws changing the definition of who is a Jew, government sources said.

Those commitments are certain to produce a backlash both among secular Israelis, who fear the growth of a Jewish theocracy that would limit their personal freedoms, and among Jewish groups in the United States that contend the new laws would delegitimize the Reform and Conservative movements in that country.

Mr. Shamir will have three to six weeks to forge a new governing coalition. If he succeeds, it would be led by Mr. Shamir's right-of-center Likud bloc but would depend on the votes of the fundamentalist Jewish parties to remain in office.

The endorsements marked the end of the first round of back-room bargaining over cabinet portfolios

and policy commitments in a new government. A second round, which is expected to be more prolonged, will begin after Mr. Herzog asks Mr. Shamir to form a new government.

The two parties that endorsed Mr. Shamir were Shas, which holds six seats in the Knesset, and Agudat Yisrael, which holds five seats. Their votes bring to 63 the number of seats committed to Mr. Shamir out of the 120-member Knesset, compared with 55 for his main political rival, Foreign Minister Shimon Peres of the left-of-center Labor Party.

The Torah Flag religious party, which has two seats, abstained from backing either man and called for another broad, national unity coalition between Mr. Shamir and Mr. Peres.

To win the backing of Shas, Mr. Shamir pledged to make the party leader, Yitzhak Peretz, deputy prime minister as well as interior minister, and to also give the party the housing portfolio, according to sources.

To Agudat, which declined to accept cabinet posts for ideological reasons, the prime minister promised bureaucratic control of the immigration and social welfare ministries, as well as the chairmanship of the influential Knesset finance committee.

Mr. Shamir also promised to win approval within three months of a Shas-sponsored bill giving new powers and stature to Israel's rabbinical courts, including the power to decide on citizenship applications from converts to Judaism.

Mr. Shamir made a commitment to Agudat to win approval of an amendment to the Law of Return requiring that all converts win orthodox rabbinical approval before becoming Israeli citizens. An Agudat spokesman, Menachem Porush, said that Mr. Shamir had promised that the amendment, which has been narrowly defeated in the past, would be approved.

"This is the first stage and not even the lengthiest in the process of forming a government," said a Shamir advisor, Avi Pazner.

Death Penalty Panel

Israeli leaders, facing renewed calls for harsh punishment of Palestinian guerrillas, set up a ministerial committee Sunday to consider imposing the death penalty for murder, Reuters reported from Jerusalem. The panel, made up of the defense, foreign and justice ministers and the attorney general, would advise the military authorities on capital punishment.

In the occupied West Bank, meanwhile, Israeli soldiers shot and killed an Arab motorist who had failed to stop his car at an army checkpoint, Palestinians said.

INTERNATIONAL Herald Tribune

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General Lyman Lemnitzer Is Dead at 89

The Associated Press

WASHINGTON — General Lyman Lemnitzer, 89, a World War II hero who later served as commander of United Nations forces in the Korean War, supreme allied commander in Europe and chairman of the Joint Chiefs of Staff, died of kidney failure Saturday at Walter Reed Army Hospital here.

Skilled and Deft Soldier
By Albin Krebs
New York Times Service

General Lemnitzer, heavyset and 6 feet (183 centimeters) tall, preferred to work in his shirt sleeves, kept a messy desk and, as one old friend described him, was "not the least bit upright, considering he's a four-star general."

But he was a skilled and deft diplomat as well as a soldier, and when he was appointed as the fourth chairman of the Joint Chiefs of Staff in 1960, he was variously described as "brilliant," "an expert planner" and "a man of moder-

ation and tremendous dignity."

In World War II he took part in a series of daring secret missions that paved the way for the invasion of North Africa and later the surrenders of the Italian Army and German Army.

In the Korean War he was decorated for gallantry for leading infantrymen through fierce battles.

In the 1960s, as chairman of the Joint Chiefs, he supervised the strengthening of American troops in Europe in response to the Berlin crisis.

Lyman Louis Lemnitzer was born Aug. 29, 1899, in Honesdale, Pennsylvania. The future general of German Lutheran descent, graduated 86th in a class of 271 cadets at West Point in 1921.

In 1941, before the United States entered World War II, Major Lemnitzer was assigned to the War Department's War Plans Division. By September 1942 he was a brigadier general assigned to General Dwight D. Eisenhower's staff in London as assistant chief of staff in

charge of planning the invasion of North Africa.

That assignment led General Lemnitzer to one of three spectacular forays into diplomacy. He joined the secret mission, codenamed Torch and led by General Mark W. Clark, that slipped into North Africa by submarine in 1942 to get in touch with French commanders willing to defy the collaborationist Vichy French government to support the Allied invasion.

While serving with General Alexander, he participated in secret negotiations with Premier Pietro Badoglio of Italy that led to the Italian surrender to the Allies in September 1943. General Lemnitzer later slipped into Switzerland to begin talks behind Hitler's back with members of the German High Command. The secret talks eventually led to the surrender of the German armies in Italy and southern Austria in May 1945.

General Lemnitzer took command of the 7th Infantry Division

in Korea in 1952, leading it in the desperate battle of Heartbreak Ridge, in the Punch Bowl campaign and in the Chorwon Valley. He was later assigned to command the 8th Army in Korea, and in 1955 he was promoted to commander of all U.S. and UN forces in Korea and Japan.

In that capacity General Lemnitzer, in his quiet way, helped build Japan's postwar defenses, and he was a central figure in the successful diplomatic effort to keep strategic U.S. forces in Okinawa despite local opposition. The United States later returned Okinawa to Japanese control.

In 1960 he was named chairman of the Joint Chiefs of Staff. In that position, General Lemnitzer supervised the strengthening of U.S. forces in Europe in reaction to the Soviet construction of the Berlin Wall.

His last assignment, after his two-year tour as chairman of the Joint Chiefs, was to be supreme allied commander in Europe. He



General Lyman Lemnitzer

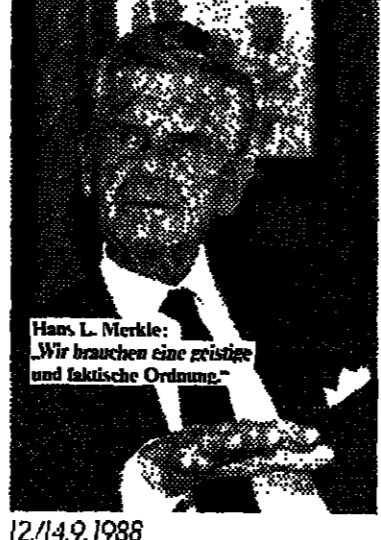
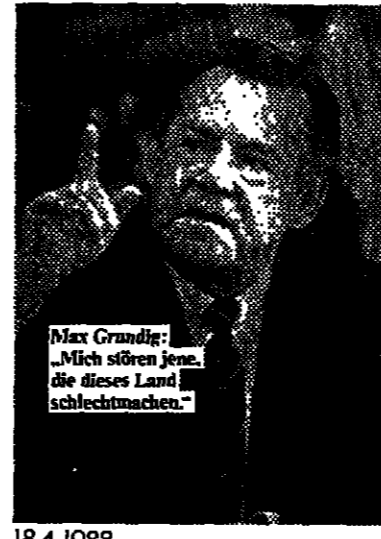
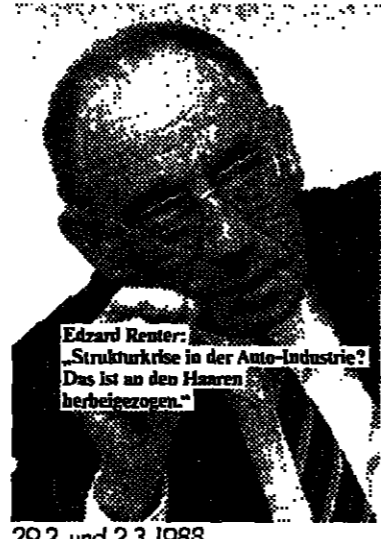
retired from active duty in 1969.

Other deaths:

Jessie Gabelon, 83, a heroine of the underground French resistance in World War II, at her home near Chateaufort on Thursday.

Vet Boswell, 77, the last surviving member of the Boswell Sisters, a popular and influential 1930s singing trio, on Saturday in Peekskill, New York.

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Pakistan Comes to Crossroad

As Election Nears, Voters Ask: How Will Power Be Used?

By Barbara Crossette

New York Times Service

KARACHI, Pakistan — As Pakistan moves steadily and for the most part peacefully toward what is expected to be the freest election in its history on Wednesday, one issue in the campaign overrides all others: Where will power lie in years ahead, and how will it be used?

The death of President Mohammed Zia ul-Haq in a still-unexplained plane crash in August altered the political landscape of a country that has known more dictators than democrats since its independence in 1947.

The politicians scrambling to fill the vacuum have been surprised by the latitude allowed them by an interim president, Ghulam Ishaq Khan, who has kept to constitutional rule, by a strong and impartial judiciary, and by an army that has pledged not to interfere.

As the final rallies take place, Benazir Bhutto, who with her mother, Nusrat, leads the Pakistan People's Party, is clearly the most spirited and popular candidate.

In a straight presidential contest, she might win easily. But Pakistanis will be voting not for a president, but for a lower house of Parliament, known as the National Assembly, where the party or coalition with the most seats forms the government and names a prime minister. The National Assembly chooses a president.

Pakistan last held national elections in 1985, but General Zia dis-trusted political parties, and all candidates had to run as independents.

After his death, the Supreme Court ruled that the 1988 elections should be held on a party basis. Now, several-dozen political organizations are in the race, and it is far from clear how the votes will go.

Most of the coalition's leaders worked with General Zia, and two figures in the election: Mian Nawaz Sharif, the chief minister of Punjab, Pakistan's most populous province, and a former prime minister, Mohammed Khan Junejo.

Another is Ghulam Mustafa Jatoi, who founded the National People's Party in 1986 after falling out with Ms. Bhutto and leaving her Pakistan People's Party.

Pakistan today is a very different country from what it was in 1977, when Benazir Bhutto's father, Zulfikar Ali Bhutto, won an election widely regarded as corrupt and then was overthrown by General Zia a few months later.

Mr. Bhutto was executed in 1979 after General Zia refused to pardon him on a conviction of involvement in a political killing. Because of Pakistan's strong stand during the Zia years against the Soviet occupation of Afghanistan, and because General Zia worked to raise the country's profile in the Islamic world, the voting Wednesday will be watched closely in the United States and elsewhere for signs of policy shifts.

The United States and India will also be watching for signs of change in Pakistan's nuclear development policy, which the various parties have suggested might be reviewed.

In addition, the Pakistani economy has been growing, creating new expectations and demands. The country faces an exploding population, extreme deprivation among women, and the issues of how far and fast it should be moving toward a vaguely defined goal of Islamization.

Above all else, a new government will face the task of strengthening democratic civilian institutions. Within a decade of gaining independence in 1947, Pakistan had fallen into the first of several periods of military rule.

In 1970, an election generally accepted as fair and open was held. But within another year, the country had split in two, with the creation of Bangladesh, and the presidency of General Yahya Khan collapsed.

Mr. Bhutto came to power in 1972, introduced a new constitution and, in 1977, called elections widely believed to be rigged. Public protests followed, with criticism of his economic policies and the arbitrary use of power and corruption. Then General Zia stepped in, and 11 more years of military rule followed.

As the opposition movement grew, General Zia took steps to reintroduce democracy. He lifted martial law, called the 1985 elections and laid the groundwork for this election.

In the campaign, Ms. Bhutto's rivals have tried to make her father's record an issue, but have not succeeded. Many Pakistanis appear to believe that Ms. Bhutto, educated in the West and comfortable with European democracy, would not attempt to revive her father's leftist-nationalist policies, to which the military might object.

Ms. Bhutto has been waging a populist campaign, short on specifics and long on rhetorical flourishes about ending repression and giving power to the people. She has also forged alliances with some power brokers in the Zia camp, in the military, and among the landed aristocracy.

Ms. Bhutto's most serious rivals are in the Islamic Democratic Alliance, a coalition formed last month of the Pakistan Muslim League, the National People's Party, a political-religious organization called the Jamiat-i-Islami and six smaller parties.

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NEWS ANALYSIS

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Voters lining up in Karachi to receive identification cards for this week's elections.

Rebel Army Leader Escapes Manila Jail

By Seth Mydans

New York Times Service

MANILA — The reputed leader of the Communist rebel army in the Philippines has escaped from detention in a military camp after being allowed to attend a birthday party for an officer he had befriended, a military spokesman said.

The spokesman said the chief of the New People's Army, Romulo Kintanar, fled with his wife, Gloria. They had been seized with three other guerrilla leaders in March in one of the military's most conspicuous successes against the insurgents.

President Corason C. Aquino rebuked army officers on Sunday for the escape. Reuters reported from Manila, and ordered an investigation. Mrs. Aquino said she was "calling to task" Major General Ramon Montano, chief of the paramilitary Constabulary, and other officers assigned to hold Mr. Kintanar.

Mr. Kintanar and his wife, along with other guerrillas being held, had been permitted to leave the stockade at the national police headquarters in Camp Crame to attend a party in another part of the base, an officer said.

Security at Manila's military camps is relaxed, and vehicles usually enter and leave freely.

Mr. Kintanar, 41, was described as commander in chief of the New People's Army, which has about 25,000 members.

He is said to be one of the guerrillas' leading strategists, ranking third in the underground Communist Party hierarchy.

He is also described as the organizer of the urban guerrilla squads known as "sparrows" that have carried out a program of assassinations in Manila over the last two years.

The party's general secretary, Rafael Baylosis, who was arrested with Mr. Kintanar, also attended the birthday celebration, another guest said.

Like the other rebel prisoners, he remained in detention Saturday. Those being held were awaiting trial on charges of illegal possession of firearms in connection with subversive activities.

"We are trying to find out why they were allowed out of their prison cell," said the military spokesman, Colonel Crisencio Maralit. "It is quite unusual for them to invite New People's Army guerrillas to a party."

The event was held at the quarters of Major Roberto Comilang, the former commander of the stockade where the rebels were detained.

He was removed from his post last month after guards shot to

death an army colonel being held for taking part in a rightist coup attempt in August 1987.

Mr. Kintanar and other rebels had befriended the detained colonel.

Both Communist and rightist rebels have escaped from detention in the past, drawing criticism of lax security within the Philippine military.

Several years ago, Sarunino Ocampo, a former journalist who became a ranking leader of the insurgents, escaped through a back entrance of the Manila Press Club, where he had been allowed to go to vote in an election of club officers.

Early this year, Gregorio Honasan, a former colonel who led a coup attempt in August 1987, escaped from a prison ship aboard a rubber boat that had been sent to augment security.

He, too, had befriended his guards, and his 14-man security detail fled with him.

A Brother Of Chun's Is Arrested

Washington Post Service

SEOUL — The elder brother of Chun Doo Hwan was arrested Sunday on corruption charges in a move apparently designed to increase pressure on the disgraced ex-president to apologize for alleged wrongdoing during his seven years in power.

Mr. Chun's elder brother, Chun Ki Hwan, and a cousin were taken into custody on charges of illegally using their influence to gain control of the largest fish market in Seoul and then diverting funds.

The arrests followed by two months the conviction of the former president's younger brother on corruption charges, and meant that more than a dozen Chun family members, in-laws and friends have been imprisoned or are under investigation.

The arrest of Mr. Chun's elder brother was seen as particularly significant because he is the ex-president's closest sibling and is the nominal leader of the Chun family.

The arrest, analysts said, was intended to send a signal from the government and the governing party that the ex-president could also end up in jail unless he quickly accepts a compromise calling for Mr. Chun, who took power in 1980 and retired as president in February, to apologize for alleged misdeeds, to return any illegally acquired wealth and to retire to the countryside.

Ethnic Attacks in Sri Lanka Kill 13 as Strike Cuts Food

The Associated Press

COLOMBO — At least 13 people have been killed in ethnic violence and a fuel workers' strike has raised fears of food shortages.

A military official said Saturday that four people were killed and 20 others, including 16 schoolchildren, were injured when a car bomb exploded near Jaffna, 185 miles (300 kilometers) north of Colombo on Friday.

The official said the victims were all minority Tamils. He said that the bomb could have been aimed at Indian troops posted in Sri Lanka to quell the Tamil rebellion and that it probably exploded prematurely.

The bombing was blamed on members of the Liberation Tigers of Tamil Eelam, the largest and most powerful of the Tamil militias, who are fighting for an independent Tamil homeland in the north and east of the island.

The bodies of five Tamils abducted Friday were found Saturday in the town of Kalmunai, 136

miles east of Colombo, the official said. These killings were also blamed on the Tigers.

The Tigers are at the forefront of a five-year war by the Tamils for a separate state. The rebels say a Tamil homeland is needed to combat discrimination by Sri Lanka's majority Sinhalese.

Members of the People's Liberation Front, a radical Sinhalese group, were blamed for killing four government supporters in central Sri Lanka on Saturday.

The military official said four Sinhalese, including the brother of a government lawmaker and three of his supporters, were killed in a car ambush.

In southern Sri Lanka, a strike by fuel workers called by the Sinhalese People's Liberation Front led to gasoline shortages and a breakdown in the distribution of food, the authorities said.

The strike was the latest in a series called by the front, which opposes President Junius R. Jayawardene's peace overtures to Tamil rebels.

Court Orders Voter Identification

New York Times Service

LAHORE, Pakistan — The Supreme Court of Pakistan has reinstated the rule that voters must present national identity cards to cast ballots in elections Wednesday and Saturday.

A 12-member bench of the Supreme Court, sitting in Lahore, said Saturday that because there was not enough time before the voting to hear a government appeal, it was staying a ruling by the Lahore High Court to end the identity card requirement.

The decision in effect threw out the Lahore ruling, which had been

welcomed by many politicians who feared the identity card issue could provoke violence at the polls.

The requirement that voters must show identity cards to cast ballots in National Assembly elections on Wednesday and Provincial Assembly elections three days later was challenged by the Pakistan People's Party of Benazir Bhutto.

The party argued that thousands, possibly millions of Pakistanis would be disenfranchised by the requirement, which the interim government of President Ghulam Ishaq Khan had introduced to control fraudulent voting.

"Vote banks" that deliver groups to the polls to cast ballots are common in Pakistan. These voters often carry bogus identification or, in the case of women, are veiled and cannot be recognized by poll officials.

Some politicians said the cards were not being issued fast enough to those who were applying for the first time to vote.

The Lahore court observed that the government's figures on cards being issued was at such variance with the party's totals that it was impossible to determine the true number.

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Still the PLO's Move

The Palestine Liberation Organization failed to grasp the moment and advance a realistic peace proposal before Israel's elections. Now, as the governing Palestine National Council meets in Algiers, its leaders seem destined to miss yet another opening.

A Gesture of Apology

Reflecting on the dark and terrible history of their country under Nazi rule, Germans last week observed the 50th anniversary of Kristallnacht, the night of broken glass.

Prosecute the Hacker

If his friends' reports prove accurate, Robert Morris, the hacker whose virus program recently clogged up 6,000 computers, deserves to be vigorously prosecuted.

Other Comment

Bush: Hard Work Ahead

What matters is that the United States recognize the continued role it has to play in helping ensure the stability of the international economic and political system.

Charles Has a Talking Job

It could be easily construed to be unacceptable for him to become, for example, an ambassador, or the chairman of one of those organizations which frequently finds itself in disagreement with the government.

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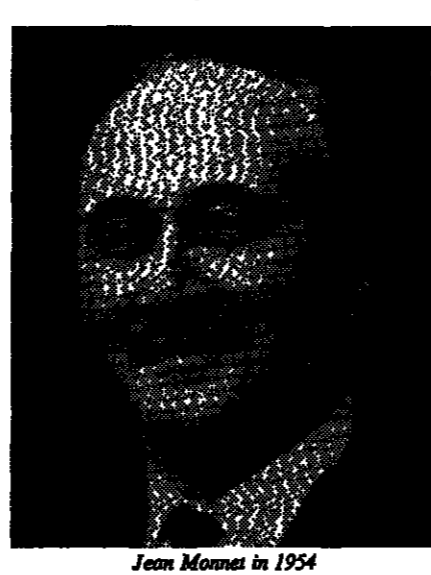
Jean Monnet: 'The Most Beautiful Job'

By Flora Lewis

PARIS — A solemn ceremony here today after U.S. elections brought into focus the difference between the power of public position, with its heavy trappings, and the power of a man with an idea.

Two men dominated the revival of France after World War II. One was the commanding figure of Charles de Gaulle, ever conscious of the symbols of glory. The other was the stocky peasant figure of Jean Monnet, plodding through the fields in his rubber boots, quietly pushing, persuading, manipulating the mighty to build an enduring new institution.

I'm modest but because you can't concentrate on a thing to be done and on yourself. Mr. Monnet liked to quote an American friend, Dwight Morrow, who told him, "There are two types of men, those who want to be somebody and those who want to do something."



Jean Monnet in 1954

also far beyond the "Europe of motherlands" which General de Gaulle considered the limit for ceding national sovereignty.

By 1953, the 12 members of the European Community are to form a single internal market. Mr. Monnet has already substantially changed the lives of 220 million people.

He had a clear notion of how to proceed. "Since they take the risks, they need the laurels," he said of the men in the limelight. But when they are short of ideas "they gladly accept yours on condition you leave them the credit."

America the Model Needs Applaudable Debate

By David K. Shipler

WASHINGTON — For an American who is proud of his country's democratic heritage, traveling during this political season has been a dispiriting experience.

While Mr. Bush was making the advocacy of civil liberties sound more earnestly, Mr. Dukakis was running away from the issue. Soviet jurists and officials were considering the introduction of some American concepts into their legal system.

"We had a great constitution under Brezhnev," one senior official told me candidly, "but it had no practical value. There was no law, only empty phrases." Judges, he admitted, were so beholden to the Communist Party apparatus that they simply did what the politicians told them.

plained, some backward steps have been taken, such as decreasing giving the police explicit authority to curb demonstrations. And there are enormous systemic and psychological obstacles to overcome before Soviet citizens can regard the courts as protectors, rather than violators, of individual rights.

Here Comes a Creative American Era

By Francis Ford Coppola

NEW YORK — If some genie came to me and offered any country to be on or part of in these decades to come, I would choose America — not only because of its wealth, size, scope and diversity, but because of its most valuable resource: talent.

imaginative work and the prosperity that it will bring. American engineering is up to it; American inventiveness and design talent is up to it. Take the entertainment industry as an example.

vision is worth it. We should definitely take the leap with a standard agreed upon by the International Telecommunications Union that can make free and easy intercourse of television programming possible in a new world television system.

Let us astound the world with our productivity and imagination.

to do. It's not a matter of increasing taxes; it's a matter of using talent. In this next decade, things related to culture — software, creativity and art — will be the biggest money-making industries in the world.

When color television was first introduced it was tied to the standards of the 1940s by a decision to make it compatible with black-and-white sets. Today, international trade interests and local broadcasting turf have taken global television hostage.

Time for Straight-Talking Leadership

By Anthony Lewis

BOSTON — When Andrei Sakharov arrived in America last week, on his first trip to the West, he spoke of how he respected the United States for its self-criticism.

But in the election campaign hardly a word was said about those profoundly important realities. Why not? Because if Michael Dukakis had raised the problems, he would have been called an unpatriotic purveyor of gloom.

year-old American knows in comparison with other developed countries in languages, science. But it is difficult for those long-term concerns to be heard in an electoral system that places so much emphasis on the short term and the immediate. On the surface things are not bad, people have jobs, the government speaks of a continuing economic boom.

The writer is a film director and producer. He contributed this comment to The New York Times.

100, 75 AND 50 YEARS AGO

1888: Verdi's Hospital

PARIS — The Gazette Musicale de Milan contains an interesting account of the hospital recently opened at Villanova, and entirely built and supported by Giuseppe Verdi.

1938: CIO Peace Terms

PITTSBURGH — Broad economic planning by the government, including higher wages and taxation of speculative wealth, was advocated today [Nov. 13] by John L. Lewis in outlining the program for his Committee for Industrial Organization convention which opens here tomorrow. In reply to the peace "fever" put out by the American Federation of Labor recently, Mr. Lewis said the C.I.O. would receive such overtures when the A.F. of L. was ready to deal on a basis of equality and justice.

1913: Huerta Says 'No'

NEW YORK — A telegram from Mexico City says: General Huerta today refused last night [Nov. 12] to accede to the demands of the United States as expressed in an ultimatum sent by President Wilson that he stop

Afghanistan Might Skip Civil War

By Selig S. Harrison

WASHINGTON — Rather than escalate the Afghan conflict in the face of new Soviet military moves, Washington should recognize that a military victory by the resistance will not be easy and should test Moscow's professions of readiness for a genuinely neutral government.

Despite the withdrawal of Soviet forces from 27 of Afghanistan's 32 provinces, resistance factions have taken only six provincial capitals. Still, the Reagan administration predicts an imminent takeover in Kabul and has encouraged stepped up missile attacks on the capital since misadventure.

The administration opposes the promising United Nations efforts to promote an interim government led by nationalist forces not controlled by either the Communists or the Paktistani-sponsored Islamic fundamentalist minority wing of the resistance.

Moscow has reacted by deploying sophisticated bombers and missiles and by threatening to delay the scheduled completion of its withdrawal in February. The principal Soviet military objective is to destroy resistance, missile bases. Diplomatically, Moscow is seeking negotiations with Washington on a neutral government. It has signaled its flexibility by passing on the Kabul Communist Party and government 165 leading Communist opponents of a political settlement.

Prospects for a quick resistance victory appear problematic, whether or not Soviet forces depart. Both sides are digging in for what is likely to be a protracted civil war in which Washington could end up supporting a client regime in Kandahar or Jalalabad.

Trained in guerrilla tactics, the deeply divided resistance groups have not been able to unite for conventional warfare against Communist-led regular forces in fortified cities. And the resistance is paralyzed by a split over whether to go for military victory, with further suffering for fellow Afghans, or move toward a political compromise.

Pakistan-sponsored, Sunni fundamentalist factions are pushing for a military decision that would serve Pakistani interests (as defined by the late President Mohammed Zia ul-Haq) but not American interests. President Zia channeled most U.S. weapons aid to these groups, largely drawn from ethnic minorities, while downgrading elements based in Afghanistan's Pashtun ethnic majority. He dreamed of installing a Pakistani satellite regime in Kabul in which the Pashtun tribes would no longer enjoy their traditional dominance. Islamabad has long been at odds with Afghan regimes over vast Pashtun areas of Pakistan that once belonged to Afghanistan.

Six weeks before his death in August, President Zia, whose lieutenants are still powerful, spoke of the "strategic realignment" that Pakistan and the United States would achieve next spring. "By helping you as a front-line state," he told me, "we have earned the right to have a very friendly regime in Kabul. We won't permit it to be like it was before, with Indian and Soviet influence there and claims on our territory. It will be a real Islamic state, part of a pan-Islamic revival that will one day win over the Moslems in the Soviet Union, you will see."

Promising New Policy, Politburo Warns Balts Not to Reject Socialism

MOSCOW — Politburo members have warned the Baltic peoples of the Soviet Union against turning their backs on socialism, saying the Communist Party is correcting past mistakes in its treatment of nationalities.

The Soviet news agency Tass reported that messages sent by General Viktor M. Chebrikov, Vadim A. Medvedev and Nikolai N. Shtynkov — addressed respectively to leaders in Estonia, Latvia and Lithuania — appeared on Saturday for better interethnic ties.

Some smaller groups have called for secession from the Soviet Union, and the unleashing of long-suppressed nationalism has increased friction with ethnic Russians who moved to the Baltic region after the states were absorbed into the Soviet Union in 1940.

Mr. Shtynkov told Lithuanians, during a visit to the capital, Vilnius, that Soviet policy toward the country's various nationalities had not always been perfect.

There were mistakes which we are energetically rectifying now," Tass quoted him as saying.

Mr. Chebrikov, the former KGB chief, told Estonian farmers that the party had made mistakes in nationalities policy during the "period of stagnation" — the era of the former Soviet leader, Leonid I. Brezhnev.

He said that those days were over and the misunderstandings between ethnic groups "had no particular grounds today," he said.

The Kremlin leadership sent the three men to the three formerly independent Baltic republics on Friday in an attempt to calm anger over proposed changes to the Soviet Constitution.

The Politburo has said that the amendments are a crucial first step in political reform. Opponents claim they would tighten Moscow's control over the 15 Soviet republics.

Newly formed popular fronts in Estonia and Latvia, and the Sąjūdis

movement of Lithuania, are calling for control over their respective economies, their currency and local citizenship laws.

They include attempts to call into question the correctness of the socialist way of development chosen by the Soviet peoples," he said, and "wrong understanding of interethnic problems."

He urged citizens to take a "sober and businesslike attitude toward solution of vital issues, abandonment of words and rallies and pass over to practical constructive work."

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New Motto at PLO: Austerity

By Youssef M. Ibrahim
New York Times Service

ALGIERS — The 448-member Palestine National Council was founded in 1964 as a consultative body for Palestinians and has become the highest legislative body for the 5.5 million Palestinians dispersed around the world.

Its decisions become binding policies that can paralyze or motivate Palestinian actions.

Last year's PNC meeting cost \$28 million, but this year the motto is austerity.

The Palestine Liberation Organization, the official host of the meeting, is underwriting fewer invitations, plane tickets and hotel rooms due to efforts to defray the costs of the 11-month uprising in the Israeli-occupied territories.

"We now direct all the financial aid to the intifada," said Abu Usamah, deputy director of finance for El Fatah, the largest and richest of the Palestinian organizations.

The council includes 150 independent members from Western Europe and North and South America as well as distinguished Palestinian personalities and businessmen.

The estimated 120,000 Palestinians living in West Germany are represented, for example, as are the 3,000 Palestinian doctors living in Brazil.

Edward Said, a professor of literature at Columbia University, is a member, as is Abu Abbas, the Palestinian terrorist who directed the Achille Lauro affair in 1985.

El Fatah, the largest armed group, keeps about 55 permanent seats inside the council.

The second largest group, the Democratic Front for the Liberation of Palestine, keeps 25 seats.

And it was fully expected that the 186 council members from the West Bank and Gaza would not be here as Israel, similarly, forbids any contact with the PLO and makes them a jailable offense.

PNC meetings are not legally perfect affairs, because of the immense logistical complications they face. They tend, on the other hand, to be political statements.

Alhumad Abdel Rahman, the PLO's chief spokesman, said: "This PNC meeting is our gift to our people inside. We have entered the peace process and we will give the Palestinian nation which was born in 1947 without a name, a new name — independence."

More in the nature of a consultative assembly than a constitutional parliament, the PNC is composed of members nominated by blocs of Palestinians representing different political tendencies, armed groups, civilian disciplines and geographical distribution.

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CABINET: TOXIC: A Pacific Plan for Waste

(Continued from page 1)

with its waste cargo in August 1986, the vessel has been rejected by 13 countries on five continents.

Mr. Vallette, who monitors the international waste trade for the Washington office of Greenpeace, was reached by telephone in Geneva, where he was taking part in an eight-day United Nations conference attended by experts from 50 countries.

The meeting, which began Nov. 7, was called to draft an international treaty to control disposal of toxic waste and prevent its illegal dumping in developing countries.

Mostafa Tolba, executive director of the UN Environment Program, said it would be difficult to eliminate the illegal trade in poisonous waste because of the money involved. But he said it could be combated with an international agreement that places responsibility for control firmly on exporting countries.

Under the draft convention being debated in Geneva, exporters must disclose the type and amount of waste, and importing countries must give written consent and show they can handle the material safely.

Dan Fleming, a senior executive of Admiralty Pacific Inc. of Oakland, California, said a team of experts would arrive in the Marshall Islands later this month to conduct engineering and environmental studies on a plan to use nontoxic garbage to fill lagoons in several of the low-lying atolls.

He said the company wanted to begin shipping 3.5 million tons of waste in 1990, building up to seven million tons by 1995.

Mr. Fleming said waste disposal in the United States was becoming more difficult because most dump sites were filling up, and because burning garbage could produce hazardous by-products.

Oscar de Brum, chief secretary of the Marshall Islands, said the government was interested in the proposal.

Promoters say the Marshalls can earn up to \$56 million a year by 1995 if the plan is approved.

Despite these rejections, Mr. Vallette said that in Asia and the South Pacific "there is not as much awareness as there is now in Africa about the dangers of toxic waste dumping."

Africa, he added, has become "off-limits to the international waste trade because of the outcry earlier this year over the dumping there of hazardous materials from Europe and the United States."

S. M. Mohamad Idris, Malaysian coordinator of Third World Network, an association of private groups involved in development issues, said companies in industrialized nations found it much cheaper to export unwanted chemicals, solvents, pesticides and other toxic wastes than to comply with increasingly stringent disposal restrictions in the United States and Europe.

"The easy way out is to dump the waste in poor countries," he said.

In a report issued Tuesday in Brussels, Greenpeace said that Western countries had exported more than 3.6 million tons of toxic waste to the Third World and Eastern Europe in the last two years.

Much of the waste went to countries in Africa and the Caribbean. The 125-page report listed 143 companies that it said were known to have been involved in the trade.

In October, authorities in Sri Lanka and the Philippines turned away a freighter carrying about 11,000 tons of toxic incinerator ash from Philadelphia. The ship changed its name in August from the Khian Sea to the Felicia after leaving behind about 3,000 tons of waste, labeled fertilizer, in Haiti.

Mr. Vallette said the Felicia was the first large carrier of hazardous waste known to have come from North America or Europe to the Southern Hemisphere to dump its cargo. He said U.S. government tests of the ash had revealed high levels of lead, cadmium and dioxin poisons.

Since leaving the United States

According to one plan now under consideration, Mr. Baker would extend his reach into budgetary and domestic matters through the appointment of his former deputy at the Treasury Department, Richard G. Darman, as director of the White House Office of Management and Budget.

Moreover, Mr. Baker would play a stronger role than customary for a secretary of state in shaping both international and domestic economic policy through a close connection with Nicholas F. Brady, who is expected to remain Treasury secretary.

Several Bush aides cautioned that the details of the plan were still not definite. For one thing, Mr. Baker in the past has not felt close to Mr. Darman, and although their relationship warmed during the campaign he could still bridle at naming the assertive Mr. Darman as budget director.

But there is general agreement, according to Bush campaign aides and transition officials, that Mr. Baker, who ran the vice president's campaign and is one of his closest friends, will move beyond foreign policy and play a central advisory role in his decisions, ranging from cabinet choices to the organization of the White House staff to relations with Congress.

Edward A. Rollins, a Republican strategist who is close to the Bush camp, said, "For all practical purposes, Jim Baker will be deputy president."

Mr. Liel said that Israel is opposed to the Palestinian declaration of independence because it is a unilateral step and not the result of negotiations with Israel, and because it is likely to be based on General Assembly Resolution 181, which originally called for the partition of Palestine into separate Jewish and Arab states.

Hard-line factions of the Palestine Liberation Organization said they would not walk out of the PNC meeting even though it appeared late Sunday that they had lost their bid to block a peace initiative by the group, The Washington Post reported from Algiers.

These factions, led by Mr. Habash and Nayef Hawatme, recommended themselves Sunday to holding together the PLO alliance that reunited the badly splintered organization in April 1987.

"Unity is the foundation for everyone," said Abu Ali Mustafa, Mr. Habash's representative on the PLO's executive committee. "We want to preserve the right to register our reservations, but we want to remain allies and friends."

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PLO: Delegates Favor Accepting UN Resolution 242

(Continued from page 1)

Israeli officials dismissed as "nothing new" reports from Algiers that the Palestine National Council was prepared to endorse Resolution 242 as part of its declaration of independence.

The crucial test would be whether the council would endorse Resolution 242 alone, or whether it would couple this endorsement with that of other resolutions that Israel finds unacceptable, a spokesman for the Foreign Ministry, Alon Liel, said Sunday.

"It all depends on how they say it," he said.

"If they say we recognize 242 by itself, then this is a change," he added. "But if they say 'We recognize 242 along with the rest of the UN resolutions or in exchange for self-determination for Palestinians' then this is not new."

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POLICY: Arms Control Is Expected to Become a Cornerstone for Bush

(Continued from page 1)

control agenda for his administration. He might concentrate, in the Strategic Arms Reduction Talks, on halving the superpower arsenals of intercontinental missiles. Or he might concentrate on the proposed talks to cut conventional forces.

START seems easier. The obstacles left unresolved by the Reagan administration are important but few: verification, missile mobility and the status of cruise missiles.

But Mr. Bush is probably more flexible on two intertwined issues that dogged START while Mr. Reagan was in office: the scope of the strategic defense initiative and the interpretation of the Anti-Ballistic Missile Treaty.

The START negotiating process probably could be pushed ahead far enough and fast enough to force the Pentagon to choose between

the MX missile and the Midgetman missile, eliminating one of these expensive, competing land-based nuclear weapons.

But conventional disarmament seems to hold growing appeal for allied governments because these talks, expected to begin early next year, offer a painless solution to European governments squeezed between military manpower shortages and opposition to increased military spending.

Conventional arms control issues are so complex that talks could bog down, but European leaders have said that two years should be enough to show how far Mr. Gorbachev can go in fulfilling his promises of a more defensive, less heavily armed Red Army — the "limous test" of Soviet intentions.

In pursuing an arms-control agenda designed to keep the alliance from unraveling, a pragmatic-minded Bush team may be expected to seek ways of defusing the touchy nuclear issues in the North Atlantic Treaty Organization.

West Germany, supported by France, has resisted U.S. and British urging to approve, next year, a new U.S. missile to replace the Lance missile in the mid-1990s.

But the Bush administration might be able to settle for West German acceptance of development of a new missile next year without an unconditional agreement to deploy it. This timetable, however, would require a trade-off, involving West German acceptance of a postponement for the same period of any talks about removing more nuclear arms from Western Europe.

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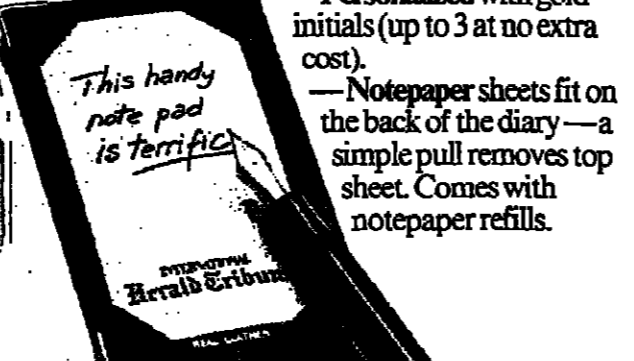
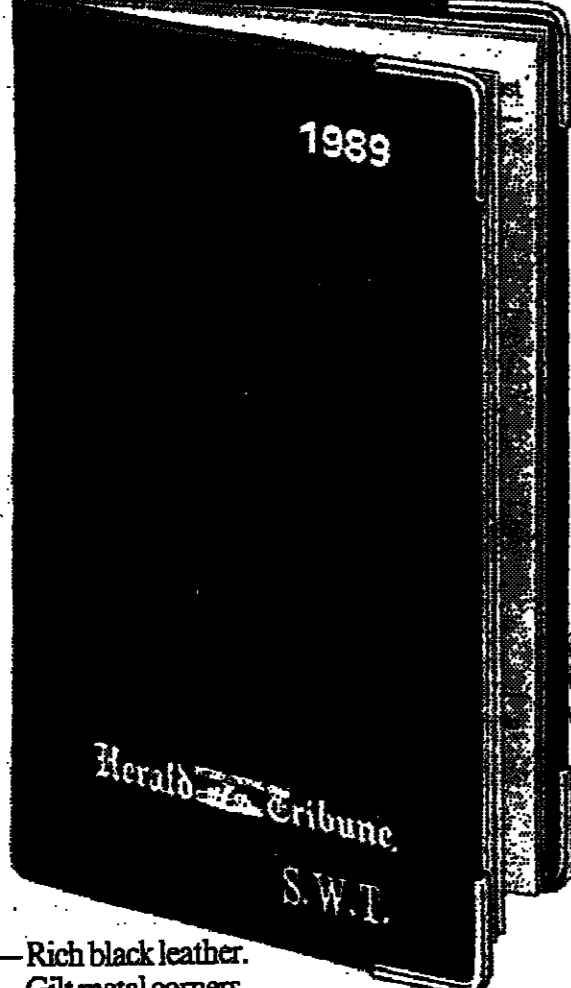
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YEARS AGO
The writer is a senior associate at Carnegie Endowment for International Peace. He contributed this column to The New York Times.

1938: CIO Peace Plan
PITTSBURGH — Broad-based support for the government's plan to raise wages and improve working conditions was shown by a vote of 13 to 1 by the C.I.O. executive committee for Industrial Union of Marine and Shipbuilding Workers of America. In reply to the American Federation of Labor recently, Mr. Ladd said the C.I.O. would receive a 10% raise when the A.F. of L. agrees to deal on a basis of equality with justice. His organization has had 4,037,577 members and with the A.F. of L.'s 3,000,000

TO POWER APPLIANCES In Touch with Tomorrow TOSHIBA

MONDAY, NOVEMBER 14, 1988

EUROBONDS

Market Takes a Breather To Watch Falling Dollar

By CARL GEWIRTZ

PARIS — Activity in the Eurobond market slowed to a crawl last week as investors waited to see what emerged from the weeklong attack on the dollar, which fell 3 percent against the Deutsche mark and 2 1/2 percent against the yen.

By week's end, technical analysts, so-called chartists whose forecasts are based solely on the patterns formed by the daily closing prices of currency rates, were predicting that the dollar could only continue to fall.

It is questionable whether Japan and West Germany want to reverse the dollar decline.

Steven Crane, a private London-based chartist, said the week's decline had left the dollar in an "appalling technical condition."

Steven Blitz, a technical analyst at Salomon Brothers Inc. in New York, said the dollar's fall through important resistance levels showed that "there is still a significant amount of selling to come."

The analysts agreed that the dollar is headed down to match its record low of 120 yen from the Friday rate of 122.85 yen in New York and to 1.70 Deutsche marks from 1.7375 DM.

In fact, Mr. Blitz is a lot more optimistic about the dollar than the numbers suggest. He said the current momentum of the decline of the dollar was slowing from the rate of change in earlier downturns.

Fundamental analysts see things differently. Neal M. Soss, economist at First Boston Corp. in New York and a former assistant to Paul A. Volcker, when he was chairman of the Federal Reserve Board, said the week's fireworks in the foreign exchange market were designed "to remind the new administration that financial stability requires certain action to keep foreign creditors cooperating with the United States."

If the dollar continues to weaken, he said, this week would see central bank "intervention in a convincing and coordinated way" that will hold the dollar "within its trading range of 1.70 to 1.85 DM and 120 to 135 yen."

Intervention this week may be more effective than last week since Washington will report its September trade deficit on Wednesday. Analysts at Credit Suisse First Boston in London warn that speculators may be tempted to repurchase the dollars they have sold just before or after the report.

Such an improvement might provide a reprieve for the dollar. But it is questionable whether one month's data would reverse the foreign exchange market's mainfest lack of confidence in the ability of George Bush, the president-elect, to move quickly next year to reduce the budget deficit or improve the outlook for further cutting the trade deficit without a further substantial fall in the dollar.

Mr. Soss is convinced that if the pressure continues the Federal Reserve will raise interest rates. He sees a quarter-point rise in the cost of overnight money, to 8 1/2 percent, by no later than Christmas and an increase to 9 1/2 percent by mid-1989.

Market rates have already moved up. The dollar's drop sparked a sell-off on Wall Street, driving down stock prices. Although the New York bond market was closed Friday for a holiday, U.S. bond prices were knocked down in London. The Treasury's 30-year bond ended the week yielding 9.03 percent, up from 8.91 a week earlier.

Brendan Brown, economist at Comity NatWest in London, also sees higher U.S. interest rates coming soon. He warned that a lower dollar "would be counterproductive." He said the United States needs a tighter monetary policy to dampen domestic demand, which would result in fewer imports and liberate domestic production for export — rather than a lower dollar, which would fuel inflationary pressures.

Arnold Simkin, London-based economist for Stratcon, disagreed on the likelihood of higher interest rates. He sees the U.S. economy slowing down and also fears that the Fed is hostage to the crisis in the savings and loan industry and the mega-buyouts in the stock market — both of which could become muckstuck if rates rise sharply.

But this view was challenged by Mr. Soss. "I don't believe that See EURO BONDS, Page 11

Currency Rates

Table with columns for Currency, Bid, Ask, and other market data. Includes sub-sections for Cross Rates, Other Dollar Values, and Forward Rates.

Nabisco Battle Could Harness the Buyout Binge

By Anise C. Wallace

NEW YORK — Revulsion over the frenzied battle to buy RJR Nabisco Inc. for more than \$20 billion may do something that neither the insider-trading scandal nor any other mega-acquisition has accomplished: cause Washington and investors to try to curb takeovers.

Never before has the criticism come from so many quarters. As the scent of hundreds of millions of dollars in fees and profits lures others to join the fray, everyone from prominent Republicans to the institutions that have been financing the mania are wondering whether enough is enough.

Referring specifically to the RJR Nabisco fight, Joseph L. Rice, president of Clayton & Dubilier Inc., a New York leveraged buyout fund, said, "I think it's clearly out of hand."

People on Wall Street saw the concerns expressed last week by Senator Bob Dole, Republican of Kansas and the Senate minority leader, as particularly significant.

After all, it was the Republicans' laissez-faire attitude of the past eight years that made the takeover boom possible.

At a seminar sponsored by the American Stock Exchange, Mr. Dole raised the possibility that Congress might revise the tax code to curb acquisitions financed largely by borrowed funds.

Worried about the huge amount of debt that these deals are piling onto corporations, Alan Greenspan, chairman of the Federal Reserve Board, last month suggested that the Senate consider such action and urged bankers to show caution in takeover lending.

Whether they heed such advice remains to be seen. But clearly some bankers and institutional lenders who have been financing the wave of buyouts are becoming skittish — about the higher stakes, the nastier tone of the battles and the possibility that their own companies could be the next to be swept away.

At least one corporate pension official who is a limited partner in the Forstmann, Little & Co. buyout fund plans to question the wisdom of the buyout firm joining the bidding for RJR Nabisco at a partners' meeting scheduled for Tuesday.

It remains to be seen whether fear will prevail over greed. The people fighting for RJR Nabisco are "all motivated by that basic human motivation: greed," said Harvey P. Eisen, president of Integrated Resources Asset Management, which invests \$5 billion for clients.

The potential for billions of dollars in fees and profits explains why everyone involved in the takeover is so reluctant to leave the party.

Investment banks and law firms were rewarded with \$200 million in fees after Campeau Corp. acquired Federated Department Stores last spring, after an 11-week battle.

Estimates of the potential fees from an RJR Nabisco deal run as high as \$500 million. The buyout fee could total \$80 million to \$100 million; the junk bond underwriting

and bank commitment fees could reach \$250 million; and merger and advisory fees could add another \$50 million to \$100 million. Sales of any of the food and tobacco businesses would earn the investment banking firms another \$25 million to \$75 million.

But the bankers are not the only ones who stand to reap extraordinary profits. The management group led by F. Ross Johnson, chief executive of RJR Nabisco, said last week that it was studying ways to share any potential profits with a larger group of managers.

The RJR Nabisco battle so far pits Kohlberg Kravis Roberts & Co., whose pioneering deals unleashed the flurry of buyouts, against the group led by Mr.

Johnson and Shearson Lehman Hutton, the investment bank.

Forstmann, Little is considering teaming up with Procter & Gamble, Castle & Cooke and Ralston Purina to make still another offer.

In a leveraged buyout, a group of investors, including management, uses borrowed money and some of its own to buy the company's stock from its public shareholders.

In the past, these companies have profited by drastically cutting costs and from the later resale of the company or its divisions. Those in favor of these transactions argue that managers with a financial stake in the company are more productive and efficient.

But critics say the heavy use of debt is putting a strain on the financial system, which will be sorely tested in a period of economic weakness. They also cite the devastation to bondholders when a company takes on additional debt.

In response to a question about the effect, See CURB, Page 11

U.S. and Japan Said to Plan Currency Talks

Compiled by Staff From Dispatches

TOKYO — Senior Japanese and U.S. monetary officials are expected to hold talks in Paris this week to discuss ways to stabilize exchange rates, the Kyodo News Service said Sunday, quoting government sources.

Toyou Gyoten, Japan's vice finance minister for international affairs, is to meet David C. Mulford, assistant secretary of the Treasury, the sources said. The two officials are both scheduled to be there to attend a meeting of the Economic Policy Committee of the Organization for Economic Cooperation and Development starting Monday.

The sources said there was also a possibility of an unofficial meeting of deputy finance ministers of the Group of Seven major industrial nations during the two-day OECD meeting.

Faced with the dollar's recent plunge against other leading currencies, the deputy ministers would reaffirm the principle of policy coordination among the monetary authorities of Britain, Canada, France, Italy, Japan, the United States and West Germany, the sources said.

Japanese Finance Ministry officials were not available to confirm the Kyoto report.

Foreign exchange dealers have said the dollar could continue to fall this week, although the value of the currency may be affected by the U.S. trade figures for September, to be released Wednesday.

The recent dollar decline began after the U.S. presidential election on Tuesday. Traders said the slide was prompted by uncertainty over the monetary stance of the next U.S. administration under George Bush, the president-elect, as well as doubts about whether the Group of Seven is still in accord on exchange-rate policies.

In New York, the dollar has fallen 2.3 percent against the yen, to 122.85, and 2.9 percent against the Deutsche mark, to 1.7375, since the election.

The current administration, including members expected to remain after the inauguration of Mr. Bush on Jan. 20, is showing few signs of concern, by word or deed, about the falling dollar.

"The administration is not pushing the dollar down," an official who declined to be named said Friday.

In response to speculation in the financial markets that the Reagan administration or Mr. Bush's transition team might merely be tolerating a decline, the official said, "The dollar has gone down over the last few days. Is that toleration or not? Tolerate is a funny word. The policy is neither one of benign neglect nor one of pushing it down."

The official, who is familiar with currency policy, also implied that the exchange rate of the dollar was still within the secret limits that the United States established in agreement with its leading trading partners, including Japan and West Germany.

"In the game of exchange rates, you have to tolerate a range of ups and downs," the official said.

Interco Offer Extended but With Limit

The Associated Press

NEW YORK — The investor group waging a \$2.7 billion hostile bid to acquire Interco Inc. said Sunday that it was extending its offer by two days, but threatened to withdraw it if the company continued refusing to negotiate.

Cardinal Acquisition Corp. extended its \$74-a-share cash tender offer, which was to expire at midnight Monday, through midnight Wednesday.

The group, headed by the brothers Steven and Mitchell Rales of Washington, in a letter to Interco's board also stated that it would terminate the offer if the company had not agreed by 5 P.M. Wednesday to give the group confidential corporate information or enter into buyout talks.

Cardinal Acquisition announced last Wednesday that Interco stockholders had tendered 29.6 million shares under its offer. Combined with the 3.2 million shares the group already owns, that would give the Raleses control of 92 percent of Interco's shares outstanding.

In its letter, the group contended that the only barrier to completion of a buyout was the company's refusal to withdraw its poison pill takeover defense.

Last week, the Delaware Chancery Court enjoined the use of the defense, but Interco has appealed the decision to the Delaware Supreme Court, which agreed to hear the appeal on Nov. 30. Interco, which is based in St. Louis, Missouri, is incorporated in Delaware.

Soviet-Japan Deal a Blow to Occidental

By Andrea Adelson

LOS ANGELES — The agreement just reached between a Japanese consortium and the Soviet Union to study a giant petrochemicals complex is seen as a setback to Occidental Petroleum Corp. which announced in June that it intended to head the project in Siberia with Western partners.

The Japanese deal is a sign that Armand Hammer, the chairman and chief executive of Occidental who has had unmatched access into the Soviet Union, is finding Moscow a more competitive place.

The Japanese partners in the deal, for a complex costing up to \$6 billion, are Mitsubishi Corp., Mitsui & Co. and Chiyoda Corp. It was announced Friday. Some reports said that an American concern, Combustion Engineering Inc., was also part of the group. A spokesman for that company could not say Friday whether it was a participant.

Occidental, an oil and chemical company based in Los Angeles, has been the Soviet Union's largest American trading partner for the past decade.

The agreement with the Japanese, announced in Moscow, could be a sign that Occidental's role is diminishing as European, Japanese and other American companies move to establish footholds in the Soviet market.

It comes at a time when the Soviets are aggressively seeking foreign capital and technology. The Japanese offered such attractive terms that the project was awarded to them," Mr. Hammer said in a statement.

In an interview last week, Mr. Hammer appeared unconcerned that Occidental might soon be eclipsed by its rivals in the Soviet market. "We think we're still in a good position to take advantage of opportunities," he said.

He added that no single company could expect to monopolize Soviet trade, no matter how well connected its executives might be.

In the past 20 years, at least five other proposed business deals between Occidental and the Soviet Union failed to materialize after being announced with some fanfare.

"They gave it to other companies and they found they could do it themselves," Mr. Hammer said. "Future companies have to remember that."

In addition, the Soviet Union, with its strict currency rules and daunting bureaucracy, remains one of the world's most difficult markets to penetrate.

The flurry of announcements of Occidental-Soviet deals has created an exaggerated impression of their importance to the Los Angeles-based oil and chemical company.

"There's been more hype than success, but substantial success," said Professor Marshall I. Goldman, associate director of Harvard's Russian Research Center. "As a portion of Ory's business, it's a small percentage."

But Mr. Goldman stressed that Mr. Hammer had "accomplished more than anyone else" with the Soviets.

A consortium of six of America's largest companies has been working for months to conclude what is expected to be the largest and most complex joint venture with the Soviets.

Occidental's largest Soviet venture is a 20-year barrier deal for fertilizer chemicals, which was valued at \$20 billion when it was struck in 1973.

Except for a 14-month embargo on phosphate, imposed by President Jimmy Carter after the Soviet incursion into Afghanistan in 1979, the fertilizer deal has been profitable, Mr. Hammer said.

Last November, Occidental, the Italian companies Montedison SpA and Ente Nazionale Idrocarburi, and Marconi Corp. of Japan agreed to develop and operate a \$6 billion petrochemical plant at Tengiz, near the Caspian Sea.

Without partners, Occidental in April made a \$200 million deal to build and operate two polyvinyl chloride plants at Kalush, in the Soviet Ukraine.

The Soviets will pay for half of both complexes.

Japanese Cowboys Find a Home on the Range

By Fred Hiatt

TOKYO — Last summer, after years of pressure from Washington, the Japanese agreed to allow American beef producers to sell more meat in Japan. Then the Japanese set about the business of becoming American beef producers.

When a Tokyo meat wholesaler, Zenchiku Co., bought the 77,000-acre (30,800-hectare) Selkirk ranch in Montana for \$13 million a few days ago, it was not the first and certainly will not be the last Japanese foray into cowboy country.

With beef imports set to rise by 60,000 tons a year on the way to full liberalization in the 1990s, Japanese companies are increasingly interested in buying cattle ranches and meat-processing plants in the United States.

Japanese attraction to such acquisitions "has definitely gone up, and we feel there will be more in the future," said David P. Quigley, Asian director of the U.S. Meat Export Federation, a quasi-governmental association.

"For a while, we were running two or three tours per week" by prospective buyers to the United States, he said. "We almost wanted to set up a travel department."

Japanese investment in the U.S. beef industry so far has not been as heavy as in Australia, where it has sparked protests and fears among Australian cattlemen that only Japanese companies' beef products will succeed in the newly opened Japanese market.

But even in the United States, where Japanese investment in general has become an issue and foreign purchases of ranchland sometimes stir an especially sensitive

chord, it is provoking mixed reaction. "The whole point in opening up the Japanese market was for American producers to be able to sell here," said Billy Cody, director of Oregon's Japan Representative Office in Tokyo. "It's not a question of needing Japanese capital to de-

velop an industry. We have an industry. We already produce very good products."

"So what is the mentality that refuses to buy our products?" he asked. "What is the necessity to come and buy our products?"

Japan's response to the opening of its market to foreign beef, historically closed to most imports, mirrors its reaction to domestic market access by foreign industry in general.

As international pressure and changes in currency exchange rates have made Japan more hospitable to foreign products, Japanese firms have begun supplying many of those "foreign" products by selling U.S.-made Honda Accords, South Korean-made Toshiba videotape recorders and similarly produced goods in Japan.

As Japanese ranchers here coddle their cattle, brushing them and feeding them beer to make them tender, so Japan's quotas and tar-

iffs have made the beef industry among the most coddled in the country. A pound of hamburger beef, as a result, can cost \$12 or more.

But even as the government was still resisting U.S. pressure for market access last spring, Japanese firms were preparing for the even-

ing home, have besieged his office looking for Japanese buyers. "Some will make the trip all the way out here," Mr. Quigley said. "Hunter makes you look twice."

Mr. Cody said Japanese acquisition of ranches and beef processors was "inevitable" for economic reasons. The value of the yen has doubled against the dollar in the past three years, meaning U.S. property has become half as expensive for Japanese buyers.

Still, Mr. Cody said, it troubles him to see Japanese firms profiting from the market opening that was a U.S. goal so long. Mr. Cody said a major Japanese meat distributor recently approached him looking for a meat-processing plant to buy in Oregon, but he has not responded yet.

Mr. Cody said he did not want to be labeled a "Japan basher."

"To be sticking up for the interests of one country does not mean disparaging another country," he said. "I'm interested in supplying processed products, not just raw materials."

"The next step is saying we should just become a colony. I think the Japanese would feel the same way."

No one knows exactly how many American ranches the Japanese have purchased.

What is known for certain, though, is that an unidentified Japanese firm has purchased Washington Beef Co., one of the 100 largest in the United States. Mr. Quigley said. Another bought Colonial Beef Co. in Pennsylvania. A fertilizer company bought a breeding ranch in Missouri, a Japanese newspaper reported.



Announcing plans in Moscow for last year's big petrochemicals joint venture, in November, were, from left, Francesco Russo and Pasquale Langolfi of Montedison of Italy; Armand Hammer; and S. Koshiaba of Marubeni Corp., the Japanese partner.

ECU Straight and Yen Straight tables with columns for currency, bid, ask, and other market data.

Trading Last Week's Markets All figures are as of close of trading Friday. Includes sub-sections for Stock Indexes and Money Rates.

COMPLETE AIRCRAFT MANAGEMENT SYSTEMS. Includes services like Reserve Charter, Maintenance, Outfitting, Refurbishment, Flight Operation, Ground Handling, Aircraft Sales, Parts Sales, Consulting, Financing. Features the JETAVIATION logo.

New International Bond Issues

Compiled by Laurence Devilettes

Table with columns: Issuer, Amount (millions), Mat., Coup. %, Price, and Terms. Includes sections for Floating Rate Notes, Fixed-Coupon, and Equity-Linked.

Good Times for Cost-Cutters

By Carl Gewirtz International Herald Tribune

PARIS — Portugal came to the international market for \$700 million last week. But instead of raising the money through a syndicated bank credit, as expected, it opted for a floating rate Eurobond.

lies the country can raise money at a cost of 6 basis points over Libor.

the availability period, the company will pay a facility fee of 12 1/2 basis points and a drawing charge of 4 1/2 basis points.

Saudi Riyal Rates Stabilize

MANAMA, Bahrain — Saudi Arabian riyal deposit rates were steady Sunday as the market settled after a burst of hectic trading prompted by an official statement ruing out a devaluation of the kingdom's currency.

Wall Street Review

Market performance summary including NYSE Most Actives, AMEX Most Actives, NYSE Sales, and AMEX Sales.

EUROBONDS: Market Pauses to Consider Dollar

(Continued from first finance page) fiscal or monetary policy is hostage to financial structures. We have tools to deal with specific problems, policy has to be structured to the needs of the economy — and those needs are for tightening.

Fear of Fed Tightening Cinches Price Decline

NEW YORK — A general perception that the Federal Reserve Board is slowly restricting the availability of credit and growing fears of a possible discount rate increase helped push the bond market lower on the week.

Fear of Fed Tightening Cinches Price Decline

surprised to see the Fed raise its discount rate, the interest charged on loans to banking institutions, barely long, the discount rate currently stands at 6.5 percent.

U.S. CREDIT MARKETS

Friday for the Veterans Day holiday. The price of the government's latest 10-year notes fell to 99 16/32 for a yield of 8.95 percent, compared with a price of 102 19/32 and an 8.84 percent yield the week before.

U.S. TREASURIES

Table with columns: Maturity, Close, Ask, Yield, and % Chg. Lists various Treasury securities.

THE RO-MIX FORMULA GIVES YOU THE PERFECTLY BALANCED INVESTMENT.

Advertisement for Robeco Group featuring a cartoon character and text describing the Ro-mix Account investment strategy.

CURB: Buyouts Could Backfire as Criticism Grows

(Continued from first finance page) fact of leveraged buyouts on bondholders, George Roberts, one of the founding partners of Kohlberg Kravis last week said, "they should have had covenants" to protect against them from leveraged deals like the one he is proposing.

U.S. CONSUMER RATES

Table with columns: Item, Rate, and % Chg. Lists various consumer interest rates.

Form for requesting information from Robeco Group, including fields for name, address, and telephone.

ECONOMY: A Slower Road Ahead, But Will It End in a Recession?

(Continued from page 1) U.S. economy, as measured by gross national product, is growing more slowly. The annual growth rate has declined from 5 percent last year to between 3 and 4 percent so far in 1988.

U.S. economy might lack the flexibility to grow by more than 2.5 percent a year without a significant rise in the inflation rate, some economists say.

But the higher rates might cause consumption to drop much more sharply than the Fed would expect, and the economy might stop growing altogether.

another consultant, shares this view. If they are right, then a recession could develop without any action by the Fed. It would come because the weak demand would force companies to reduce production.

'I know exactly what is going to cause the next recession — when there is one — and it is going to say on its bottom, "Made in Washington."'

Paul A. Samuelson, economist.

NASDAQ National Market

OTC Consolidated trading for week ended Friday.

Table with columns for stock symbols, prices, and volume. Includes sub-sections for (Continued) and various stock categories.

Table with columns: 1988 High, Low, Close, Net Change. Lists various stock symbols and their performance.

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WORLD STOCKS IN REVIEW / Via Agence France-Press

Amsterdam

The market was depressed last week, with prices under pressure every day but Tuesday. The ANPCBS general index lost 10.4 points for the week to finish at 272.8.

Volume rose to 6.413 billion guilders from 6.598 billion the previous week.

Tuesday's gains were in anticipation of a victory for George Bush in the U.S. presidential elections, but the mood did not last. A weak dollar and lower Wall Street were again the main worries.

The Kempen & Co. brokerage said it saw no reason to change its very cautious view of the market.

Frankfurt

Trading was nervous and uncertain, dominated by the U.S. presidential election.

On Friday, the dollar's sharp drop depressed the market, which was already in a somber mood because of a shortage of investors.

The Commerzbank index finished the week at 1,566.2, down 44.3. Auto stocks were hit hard, with BMW dropping 20.50 DM to 517, Daimler-Benz 25 to 733, and Volkswagen 8.10 to 302.

In pharmaceuticals, Schering bucked the trend, adding 2 DM on the week to 570.20.

In the electrical sector, AEG dipped by 4.50 to 190 and Siemens 13.40 to 468.80.

Department stores were irregular, Herten rising 3 to 213, but Karstadt plunging by 33 to 415.

Banks moved lower: Dresdner down 3.70 to 292.50, Commerzbank 7.80 to 236.70, and Deutsche 16.30 to 509.20.

Volume on the eight West German exchanges totaled 14.14 billion DM, against 14.86 billion the previous week.

Hong Kong

Prices finished the week virtually unchanged, with both indexes fluctuating less than one point.

The key Hang Seng index shed 0.67 points to end the week at 2,583.74. It had dropped 29.96 points the previous week.

The broader-based Hong Kong Index picked up 0.56 points over the week to close at 1,702.79. It had dropped 19.70 points the week before.

Milan

Prices managed a slight gain for the week; the Comit index finished at 591.68, compared with 588.21 a week earlier.

Operators said the mood was uncertain. A daily average of 47 million shares changed hands, against 45 million the previous week.

Ferruzzi Agricola jumped by 7.93 percent, while Ferfin managed a 1.24 percent gain and Montedison was off 0.58 percent.

Fiat lost 0.58 percent and CIR 0.45, while Pirelli tacked on 0.80 percent. Olivetti was down 2.31 percent and Generali up 2.27 percent.

In the banking sector, Mediobanca was up 0.73 percent on the week, Comit 5.72 percent, Credito Italiano 2.40, and Banco di Roma 0.84 percent.

London

Stocks fluctuated irregularly downward during the week, falling for the third week in succession. The Financial Times industrial index closed at 1,461.2, off 24.4 points.

Gold mines gained ground over the week, while government bonds weakened.

The week was dominated by the U.S. presidential election. Investors awaiting results remained prudent, while the market had already chosen its candidate, Mr. Bush.

With polls in his favor, the market managed to rise Tuesday.

However, Mr. Bush's election brought a sharp fall in values Wednesday morning. The massive trade and budget deficits he will have to tackle caused worry on the market, and the falling dollar weighed on the trend.

Elsewhere, publication of the Bank of England's quarterly statement advising restrictive monetary policies and guarding against inflation caused an already hesitant market to become depressed.

On the takeover front, conglomerate Lombar's shares were erratic, while the market speculated about intentions of the Australian businessman Alan Bond, who holds a 20 percent stake in Lombar.

In the brewery sector, Scottish and Newcastle's shares fell after referral of the Elders Group's hostile takeover bid to the Monopolies and Mergers Commission.

Elders reacted by buying Scottish and Newcastle shares in the hour following the referral to take its stake from 14 percent to 24. The Department of Trade and Industry requested that Elders stop buying.

Lloyds Bank fell on speculation that its link with Abbey Life would be blocked by Abbey shareholders. Consolidated Gold Fields made progress when Minorco announced it would keep its 29.9 percent stake in the British company.

Paris

Bourse prices fluctuated narrowly in a week shortened by the Nov. 11 holiday. The CAC index finished at 395.6 on Thursday, against 397.1 the previous Friday.

Prices were held back by Wall Street's poor performance, despite the election of Mr. Bush. Paris analysts said there was concern about the new administration's ability to come to grips with the continuing huge U.S. trade and budget deficits. The dollar's weakness also hurt.

Continuing labor agitation in the French public sector also inhibited activity, analysts said.

Singapore

Share prices fell in dull trading on a weaker U.S. dollar and poor performances of overseas markets.

The Straits Times Industrial Index lost 13.45 points to end the week at 1,015.03. The key market barometer had fallen 6.53 points the previous week. Trading was shortened to four days because of a holiday Tuesday.

After the holiday and the U.S. election, prices rose marginally, but sentiment was not sustained and earlier gains were erased.

Volume for the week was 60.9 million shares, down from 75.9 million the week before.

Tokyo

Share prices soared, the key Nikkei average finishing at an all-time high on Friday.

The average of 225 selected issues gained 23.15 yen on Friday to close the week at 28,489.57, topping the previous record of 28,433.58 yen set on Aug. 5. For the week, the Nikkei was up 442.83 yen.

The market was closed Saturday for a business recess. Daily volume averaged 1,027 billion shares, down from the previous week's 1.35 billion.

Zurich

Prices dropped for the week amid market surprise at the extent of the dollar's drop despite the election of Mr. Bush to the U.S. presidency.

The Credit Suisse index finished the week at 497.6, against 499.6 the previous Friday, while the Swiss Bank Corp. indicator ended at 546.3 against 559.1. Volume was low.

Euromarts At a Glance

Table with columns: Euromart, Nov. 9, Nov. 10, Nov. 11, Nov. 12, Nov. 13, Nov. 14. Lists various market indicators and their values.

Weekly Sales

Table with columns: Euromart, Nov. 9, Nov. 10, Nov. 11, Nov. 12, Nov. 13, Nov. 14. Lists weekly sales figures for various markets.

Libor Rates

Table with columns: U.S., 1-month, 3-month, 6-month. Lists Libor rates for different terms.

American Exchange Options

Figures as of close of trading Friday.

Table with columns: Option & price, Calls, Puts. Lists various American exchange options and their prices.

Chicago Exchange Options

Figures as of close of trading Friday.

Table with columns: Option & price, Calls, Puts. Lists various Chicago exchange options and their prices.

ESORTS & GUIDES section listing various travel agencies and services in different cities like London, New York, and Paris.

INTERNATIONAL CLASSIFIED section with sub-sections for ESCORTS & GUIDES, listing various services and contact information.

ESORTS & GUIDES section listing various travel agencies and services in different cities like London, New York, and Paris.

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THE TRADER

Investing: The Price Goes Up

Continued From Page 13

or accounts that represent higher commissions. At some brokerages, the internal pay incentives have been changed to reinforce this trend. At Kidder Peabody, a trade must generate at least \$30 in commissions before the broker gets a share of the take. That is up from a minimum of \$35 last year. At Prudential Bache, the minimum amount was raised to \$60 from \$50 last year.

Much like retail banks, which lowered transaction costs by encouraging the use of automatic teller machines, brokerages are trying to promote new transaction technology. Discounter Charles Schwab & Co. cuts 10 percent off its posted commission rates for customers using the company's touch-tone phone service to obtain price quotes and to place orders, rather than engaging a Schwab representative.

Such changes are just a few ways that brokerages, which have been through trading employment cutbacks, hope to build up a seriously depleted bottom line. A recent Securities Industry Association report brought home the crunch. It showed the profitability of U.S. securities firms fell 50 percent in the second quarter from the first quarter, whether measured by total earnings, profit margins or return on equity.

From the investor's perspective, one crucial trend is the narrowing of differences between

The discounter's edge begins to widen with bigger trades.

charges of full service brokerages and those of the discounters. Schwab's new fee structure increased commissions an average 10 percent, while Fidelity Brokerage Service's new price structure raised fees an average 12 percent. On many smaller transactions, that just about erased the discounters' fee advantage.

Depending on the brokerage, commissions are typically based on formulas that combine factors such as the total dollar amount of the trade and the number of shares purchased. Commissions on smaller trades take a larger percent of the overall transaction than a larger order because a broker incurs fixed costs to process the trade, regardless of its size.

Schwab's commissions reflect a formula that combines a fixed rate for each of six categories based on the trade's dollar value, plus a percentage of the actual amount. For example, any trade with a value of between \$1 and \$2,500 carries a base commission of \$26. Then 1.6 percent of the actual amount traded is added to the base fee.

A trade of 100 shares of stock at \$10 shows how charges for these smaller transactions have converged at discount and full service brokerages. At Schwab, this trade would incur a flat fee of \$26 plus 1.6 percent of \$1,000, or \$16, for a total charge of \$42. At Fidelity, it would cost about \$41.75.

The same trade could be made by Paine Webber for \$41, actually less than the Schwab charge. Merrill Lynch, another full service broker, would charge \$50. This narrowing of differences just reflects the industry's general unwillingness to compete for the low-value trade.

For trades of very small value, or for those under 100 shares, called odd lots, discount brokers often charge far more than a full service firm. Trading 10 shares of a \$10 stock at Schwab, for example, costs \$39, or 39 percent of the trade's value, versus a charge of \$17 at Paine Webber. But both fees are still

Comparing 4 U.S. Brokers

No minimum commission			
	No. shares	Commission	Percent of trade value
\$10 Stock	100	\$50.00	5.0%
	300	\$115.50	3.9%
	1,000	\$252.00	2.5%
\$30 Stock	100	\$85.50	2.9%
	300	\$194.50	2.2%
	1,000	\$460.00	1.5%
\$50 Stock	100	\$97.00	1.9%
	300	\$259.00	1.7%
	1,000	\$570.00	1.1%
Minimum commission \$39			
\$10 Stock	100	\$42.00	4.2%
	300	\$69.00	2.3%
	1,000	\$99.00	1.0%
\$30 Stock	100	\$49.00	1.6%
	300	\$96.00	1.1%
	1,000	\$151.00	0.5%
\$50 Stock	100	\$49.00	1.0%
	300	\$114.00	0.8%
	1,000	\$191.00	0.4%
Minimum commission \$36			
\$10 Stock	100	\$41.75	4.2%
	300	\$68.75	2.3%
	1,000	\$98.75	1.0%
\$30 Stock	100	\$48.00	1.6%
	300	\$95.75	1.1%
	1,000	\$150.75	0.5%
\$50 Stock	100	\$48.00	1.0%
	300	\$113.75	0.8%
	1,000	\$190.75	0.4%
Minimum commission \$35			
\$10 Stock	100	\$35.00	3.5%
	300	\$39.80	1.3%
	1,000	\$64.00	0.6%
\$30 Stock	100	\$35.00	1.2%
	300	\$75.00	0.8%
	1,000	\$199.00	0.7%
\$50 Stock	100	\$48.44	1.0%
	300	\$108.67	0.7%
	1,000	\$149.00	0.3%

extremely steep, and investors should avoid these small-scale transactions.

An alternative for sellers of odd lots is to contact the issuing company to see whether it would be willing to buy the shares back directly. Some companies do so because eliminating odd lots cuts down on bookkeeping.

Where the discounter's edge begins to widen is with bigger trades. A trade of 300 shares of stock priced at \$30 costs about twice as much to execute at Paine Webber as it does at Schwab.

But the differences among the discounters and full service brokers on these larger trades may be less in practice, especially for active investors.

According to Mr. Carroll at Carroll Financial Advisors, active investors with \$100,000 in their account can almost certainly bargain a big discount off the posted rates from a full service broker, particularly now, when competition for trading is fierce.

"More full service brokers are giving discounts to be competitive with the discount brokers," notes Mr. Carroll. "But investors have to ask for it."

The newer rates charged by the discounters not only narrow the gap between their fees and those of the full service brokerages, they widen the distance between other, so-called bare-bones discounters that typically provide execution-only services. These discounters, which include firms such as Rose & Co., Quick & Reilly and Brown & Co., are confident that their no-frills service and low overhead will see them through without raising their rates.

"We can keep costs low because our customers do all their own work," said George A. Brown, president of Brown & Co. Securities Services, a Boston-based discount broker.

Of course, commission costs alone are not the only consideration when choosing a broker. Traditionally, full service brokers tend to charge more than discounters because they provide research and professional advice.

"If an investor needs someone to help him generate ideas for investing, then it's worth the extra cost to use full service," says Mr. Carroll. "But if he's simply looking for trade execution, there's no reason to pay more." □

U.K. Investors Turn to Discounters

Continued From Page 13

trades up to £7,000. Above this level, the commission is 0.2 percent.

David Nugent, administrator of Fillings' Shareline, another telephone dealing service, says business is starting to pick up as customers regain confidence in the market.

Fillings, a Manchester firm that specializes in private clients, took on no new Shareline clients between November 1987 and February 1988. It has acquired two to three new clients this autumn.

Commissions range from 1.25 percent on the first £7,000 and 0.55 percent on trades up to £15,000. Thereafter, rates are negotiable. Some of Britain's banks and building soci-

eties offer customers a means of buying and selling stocks and other financial instruments. In most cases, the service is available only to those who have accounts at the institution.

At Barclays, clients can transact investment business through Barclaysshare, which includes an execution-only service and an advisory service that provides model portfolios for individuals and a monthly market newsletter.

Operated under a nominee system, payments are deducted directly from client accounts; dividends are also directly deposited. The minimum commission is £16.

Something called "touch screen" dealing is available to customers of National Westminster Bank. Other banks have announced plans

to develop their own versions of the concept.

Despite some skepticism on the part of customers, there is growing acceptance, a NatWest spokesman says. So far, the facility is available at 250 NatWest branches and there are plans to expand the network.

The key feature of touch screen dealing is that a customer can walk into a NatWest branch and watch a computer screen while an order is executed and leave knowing the details of the deal with a contract note in hand.

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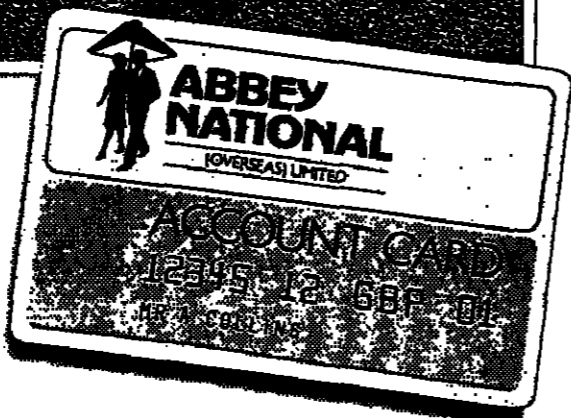
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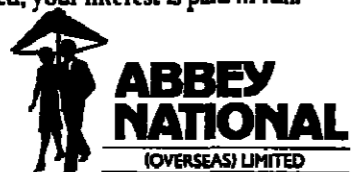


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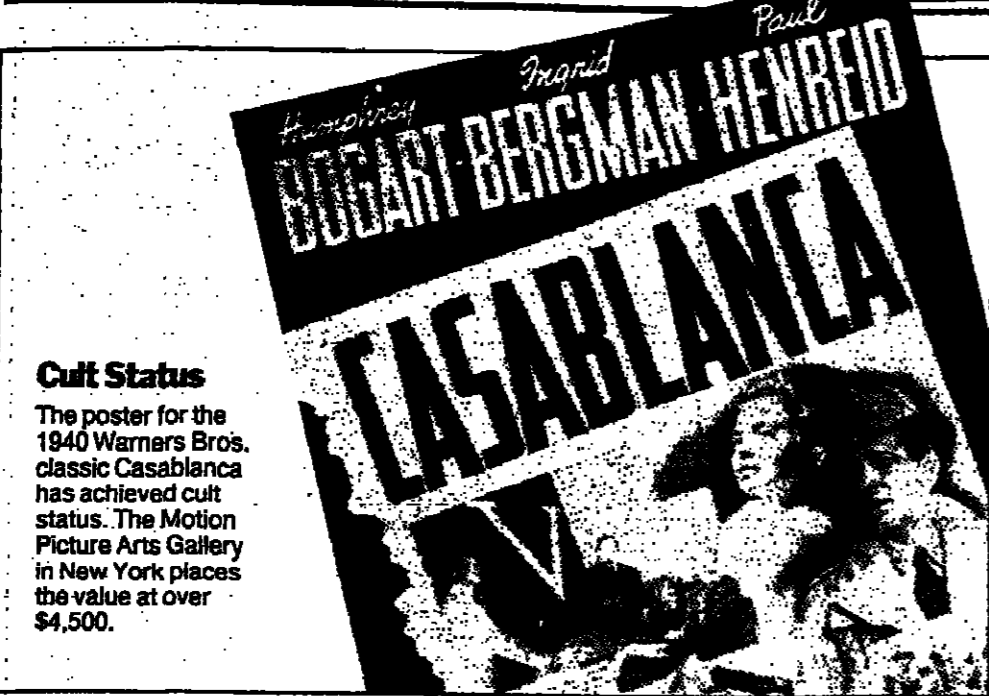
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COLLECTING



Cult Status

The poster for the 1940 Warners Bros. classic Casablanca has achieved cult status. The Motion Picture Arts Gallery in New York places the value at over \$4,500.

Movie Posters' Glory Days

By Cynthia Catterson

FOR COLLECTORS who have watched with fascination as the market for movie memorabilia has grown steadily stronger and costlier over the past year, motion picture posters may be a less pricey way to participate in the current trend.

Ira Resnick, director of the Motion Picture Arts Gallery in New York, says prices for many film posters have increased steadily in the last five years. For example, posters bearing the image of Bette Davis cost about \$250 in 1980. These days, posters of the actress, depending on the importance of the film, command about \$2,000.

"Collecting movie posters is one way for people to feel like they have a part of show business history," Mr. Resnick says. "It's one thing to have a video of a classic, it's another thing to have an original piece of advertising that came directly from the studio" and in many cases, was approved by the star.

Movie posters range in price from a few dollars to a few thousand dollars. As with most collectibles, prices are determined by the vagaries of supply and demand. Further, unlike buying fine art, where the artist and his palette are the key, a poster's value is gauged by the film's success, the stars who are depicted, and the overall visual appeal of the artwork.

Popular movies and celebrities are without a doubt the most collectible. A poster with Marlene Dietrich, for example, is likely to command more than 10 times the price of a poster with similar aesthetic beauty but created to advertise a B-movie with unknown actors, notes Mr. Resnick.

Other details that come into play include a poster's size. Studios produced posters in a wide range of sizes from mini-window cards that were 8.5 (22 centimeters) by 11 inches to so-called sheets. The standard poster size is one sheet, 27 by 41 inches.

While the smaller sizes are more widely collected because they can be hung in a home, they were also mass produced for distribution. As a result, the larger, six sheet editions, measuring 81 by 81 inches, are usually more valuable.

Lobby cards, 11-by-14-inch displays that were made of light cardboard and were usually posted in a theater lobby, have gained in popularity recently.

Some cards from top films now sell in the \$1,000 range.

In general, films from the 1930s and early 1940s are the most popular and most valuable because of their rarity. Although studios at that time typically produced between 5,000 and 10,000 graphic illustrations to accompany the release of a new film, many were destroyed during the paper drives of World War II.

Furthermore, says Mr. Resnick, few theater owners considered advertisements worth saving. "No film poster was ever given credence in its day. Even in the 1930s they were thought to be advertising materials, to be used and thrown away as soon as the next movie came to town," he says.

These are some of the reasons why a rare 6-sheet poster for the 1942 Warner Bros. feature "Casablanca" fetched \$17,600 at a Guernsey's auction last year. It was the highest price ever paid at auction for a movie poster.

Posters for "Gone With The Wind," "The Wizard of Oz" and "The Maltese Falcon" are also among the most sought after. Likewise, colorful boards bearing the images of such stars as Cary Grant, Errol Flynn, Bette Davis, and Greta Garbo are hot commodities.

While many posters recall films that were hits, sometimes a poster for a box-office bomb is worth more in its after-life. The 1936 RKO Radio Pictures release "Sylvia Scarlett" was the worst disaster in the company's history and possibly the biggest flop in Katharine Hepburn's career. Yet, Mr. Resnick says the magnitude of the flop is one of the reasons why even one-sheet posters for this film are worth roughly \$2,500.

Vivid artwork that promoted horror films from the 1930s is a genre that is also popular, particularly those touting films released by Universal Horror Pictures. Originals from "Dracula," "Frankenstein," "The Mummy" and "The Invisible Man" can go for as much as \$10,000 apiece.

Before buying any movie poster, experts advise collectors to inspect the condition of the paper, looking for signs of wear, water damage or excessive restoration. Old paper is best mounted on linen or some other material that helps control the acidity of the paper. A poster that has been dry mounted or glued to a backing could lose as much as 90 percent of its value because the glue eventually will wear through and become visible.

BONDS

Convertibles: Just the Ticket for the Timid

These hybrids have appeal in uncertain times.

By David Lanchner

WHEN BLACK MONDAY rocked the stock market, convertible bonds suffered a panic similar to the one that hit over-the-counter stocks. Buyers were few and far between. Many issues fell to abnormally low valuations. And yields, traditionally lower than those offered by government and corporate bonds, rose and in some cases exceeded returns on other fixed-income securities.

Since then, however, a sense of normalcy has returned to the market, and convertible bonds are again being touted as the answer to a timid investor's prayers. After all, they offer the best of both worlds: steady income, like conventional bonds, and potential capital gains, like stocks.

Mutual funds that invest in convertibles, the most popular choice for individuals attracted to this hybrid security, averaged a total return of 12.1 percent in the first nine months of the year, according to Lipper Analytical Services. This surpassed the performance of all other bond fund categories as well as most stock funds.

Although the spectacular yields are gone — falling to around 7 percent a year from a post-crash high of about 10 percent — and total returns have suffered, convertible bonds remain a tempting investment for those uncertain about where the stock market is headed.

"It's a chicken share, and given the blurred outlook for the markets it's probably not a bad time to buy them," says Art Micheletti, head of fixed-income research at Bailard, Biehl and Kaiser, a money-management firm in San Mateo, California.

The convertibility feature allows investors to exchange the bonds for a fixed number of the issuer's stock if its price climbs. If the share declines, fixed returns cushion the fall.

Although prices of convertible bonds respond to changes in the underlying share's value, they do not move as far or as fast as the issuing company's common stock. Convertible prices may move 50 cents for every \$1 change in the price of the underlying stock. This is an important feature for risk-averse investors who suspect the market may be turning downward.

Investors, however, must pay for these safety features. On average, convertibles fetch a 10 percent to 30 percent premium to the price of the underlying stock. For example, a bond from Church & Dwight,

A Fund Sampler

Fund	Total Return Dec. 31-Oct. 28	Total Net Assets
Liberty Convertibles & Income	23.56%	\$9.6 million
Dreyfus Convertible Securities	22.85%	254.0 million
Heritage Convertibles Fund Inc.-Growth	18.16%	7.6 million
Fidelity Equities Inc.*	22.66%	4.1 billion
Evergreen Total Return*	16.84%	1.3 billion

*Invests in common stock and convertibles

Source: Morningstar

the makers of Arm & Hammer Baking Soda, is convertible into 55,556 shares of common stock and yields 7.8 percent per year. The current price of the bond is \$835, a 22.7 percent premium to the current market value of the common stock.

As the price of the common stock rises, this conversion premium narrows. If the stock declines, the subsequent price drop for the convertible produces a higher yield like any other bond.

Investors shopping for convertibles generally make sure that the company's shares have good prospects. They also check to see what protection there is against a call for redemption. For older convertibles with higher coupons, there may be a temptation by the issuer to refinance at a lower interest rate. Similarly, if a company's stock has risen significantly above the level it was trading at the offering, it may try to force a conversion.

Thomas Revy, managing director of Froyley, Revy Investment Co., a Los Angeles advisory firm specializing in convertibles, says investors should not buy bonds trading at more than 30 percent over par. Moreover, he says the conversion premium should never exceed two-thirds of the value of the underlying stock. In the first

instance the yield will probably be insignificant when compared with stock dividends. And in the second instance, he says the stock is unlikely to catch up with the bond premium.

Although the fact that these securities are both stocks and bonds ideally provides an escape hatch if something goes wrong in either market, Gerald Perritt, editor of The Mutual Fund Letter, notes that rising interest rates will depress both equity prices and bond prices.

A more fundamental flaw is that convertibles are subordinated debt, just a step above junk bonds. "If we hit a recession, investors may dump less secure convertibles," says Mr. Perritt. He adds that the recent spate of takeovers gives the low quality of the bonds even more pertinence.

A company might sell out at a price below the premium on the convertible and, if it loads up on fresh debt to do it, may ultimately not be able to pay convertible holders. "Just the worry that a heavily leveraged company will not be able to pay can devastate a bond's market price," says Mr. Perritt. He recommends only buying higher quality issues that have provisions to prevent this from happening.

Despite such potential drawbacks, ana-

lysts agree that convertibles are a safer way to play a company than buying equity. And even outspoken critics, like Mr. Perritt, believe that now may be a particularly opportune time to buy convertibles. "The strong possibility of an up market and dropping interest rates could provide the kind of double kicker that allows these bonds to do even better than stocks," he says.

ONE ISSUE that Mr. Perritt likes is from Graphics Industries, a printing company, whose earnings have increased over 50 percent in the past two years. The bond sells at a 16 percent premium to the underlying stock and yields 7 percent annually. Mr. Perritt believes further earnings growth could push the stock 30 percent higher and the bond 20 percent higher within a year.

An issue that both Mr. Perritt and Mr. Revy like is IBM. The convertibles are selling at a 27 percent premium to the underlying stock and are yielding 7.5 percent annually. According to Mr. Revy, the recent restructuring at IBM will halt several years of flat earnings. "The stock price could go up as much as 37 percent, pushing the convertibles up about 25 percent."

Because of the complexities of the market, experts suggest that individuals are better off investing in convertible bond funds. But Kurt Brouwer of Brouwer & Janachowski, a San Francisco investment firm, says that investors should avoid funds that invest exclusively in convertibles.

"They put the portfolio manager in a strait jacket, forcing them to buy the bonds at times when it is not at all advantageous." He suggests buying balanced funds or income and growth funds that can invest in convertibles as well as in stocks, bonds and money market instruments.

Junk Bond Market Faces a Test

Continued From Page 13

bonds even in difficult economic climates.

Concerns about how an increase in defaults affects junk bond returns has spawned a virtual library of historical studies, yet has yielded little agreement among professionals. One problem is that the junk bond market is a fairly young phenomenon, and its structure has changed as it has grown. "This market really didn't take off until 1984," notes Mr. Lonski. "What are you really comparing this to?"

There is more than one way to calculate default rates, but Mr. Lonski reckons that in 1982, the last year of deep recession, about 4 percent of issues of "straight" junk bonds — those not convertible into equity — ran aground. But in those days the total junk bond market was only about \$18.5 billion. Forecast of default rates in the

next recession range from 5 percent to 10 percent.

Even those high rates would not necessarily spell grave problems for portfolios of high-yield securities, says Mr. Lonski. "If the fund is really well diversified, you could withstand a 5 to 10 percent default rate and still come out quite nicely," he says, assuming the recession was not much more severe than 1982's version.

The key word is diversification, says Phillip Maffei, a founder of McCarthy, Crisanti and Maffei who was recently crowned the "King of Junk Research" by Institutional Investor magazine. That is why individuals should stick to funds, he cautions.

"The reasons are obvious: diversification, the professional management, and the research," he says. "If you play just one bond and you're wrong, you lose a substantial amount."

Mr. Urbaszewski has spread his holdings among about 20 issues and says he puts issues through a "stress test" to judge how they would do in the event of a recession.

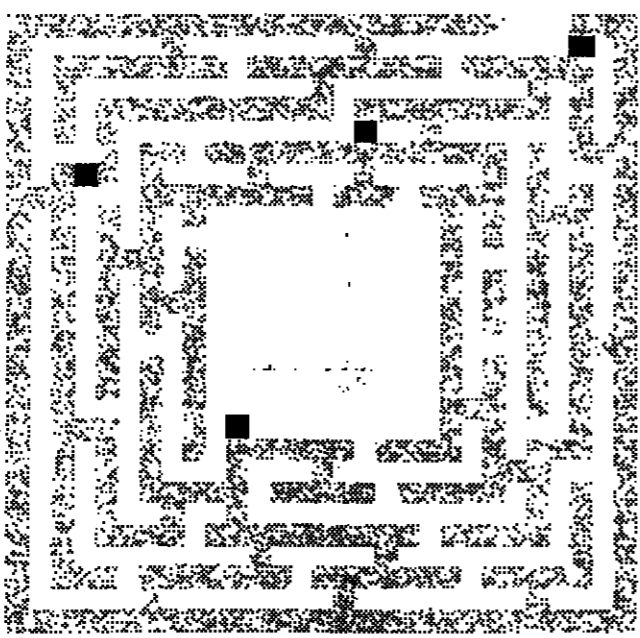
"Almost every bond we buy, we are buying even if we thought a recession would happen tomorrow," he says. "We wouldn't panic and sell it."

One example of the junk securities regarded favorably by fund managers is the recent issue by Kroger, the supermarket chain that decided to recapitalize after fending off a takeover bid.

"Kroger looks very strong," says Kevin Matthews, manager of the Van Kampen Merritt High Yield Fund.

"We like the management of Kroger, and we think they're going to be able to do the asset sales they need to do to improve the company and to get the cash flow they need," he says.

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*Source: Lipper Overseas Fund Table, 30.9.88.
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STRATEGY

New Highs: A False Signal

By Bruce Hager

SHORTLY after last month's observance of Black Monday's first anniversary, there was a sudden jump in the number of stocks making new highs. The phenomenon puzzled many investors; some thought a powerful market rally was in the making.

In reality, two important forces collided at the anniversary. First, the market was moving up, having recently hit a post-crash peak. At the same time, Oct. 19 marked the beginning of a new chapter in the stock market. No longer would stocks have to face an almost impossible struggle to surpass their pre-crash values to make the new highs list.

"Using the 52-week highs, you'd say, 'Gee, more stocks are moving up,'" says Robert Farrell, chief market analyst at Merrill Lynch in New York. "But it's more a function of the drop off of the prices that existed before the crash now that the 52 weeks have gotten past their October date."

As a technical indicator, analysts and investors scan the new highs list to find out which industrial groups are leading the market, as well as which individual stocks are attracting interest. Furthermore, the net difference between the number of daily new highs and new lows can tell a market forecaster something about market breadth, or whether the overall trend is up, down, or just wobbling sideways.

"If the market is making new highs, but we don't have any stocks making new highs on the list, then we don't have any strength in the market," explains Gene Jay Seagle, director of technical research for Gruntal & Co. in Stamford, Connecticut.

Why would one buy a stock on the new high list? Some technicians say the list reflects those companies with good earnings momentum and relative strength, two factors that could lead them even higher in the coming months.

On a recent day, the list featured a dozen food and beverage stocks like Borden, General Mills, Pepsi Co. and Ralston Purina.

To Eugene Peroni, director of technical research with Janney Montgomery Scott in Philadelphia, this meant that investors had targeted stocks associated with Kraft Inc. and RJR Nabisco, companies that had become the focus of takeovers, with the hopes that other food stocks would become targets as well.

Two stocks lost in the shuffle were Reynolds Metals, an aluminum manufacturer, and Melville Corp., a shoe manufacturer and retailer. Shares in both companies initially had been locked in a trad-

October Market Scoreboard

Percent Change Price Oct. 31

New York Stock Exchange:

Compiled by Media General Financial Services. Prices in dollars

Capital Holding Corp.	+188	87.50	Interpublic Group	-71	10.13
Kraft Inc.	+76	103.50	Rollins Environmental	-25	11.25
Pillsbury Co.	+58	60.00	Mil Basic Four Inc.	-25	13.88
RJR Nabisco Inc.	+52	83.75	Lomas & Nettleton	-24	14.00
Chicago Plastics Corp.	+50	58.13	Finevest Foods Inc.	-23	10.13
Best Products Inc.	+38	26.88	Pinnacle West Capital	-21	17.50
Holly Farms Corp.	+30	52.25	Esterline Corp.	-19	11.50
Conseco Inc.	+27	13.50	Harcourt Jovanovich	-18	10.00
Fabri-Centers of Amer.	+24	10.25	Green Tree Accept.	-18	11.25
Ryder Co.	+23	11.25	Raychem Corp.	-17	36.13

American Stock Exchange:

Maxcam Inc.	+54	23.88	Health Care REIT	-23	11.88
Ransburg Corp.	+33	15.00	SPI Pharmaceuticals	-22	10.25
TRC Cos. Inc.	+28	10.88	Larizza Industries	-18	13.50
O'okiep Copper Co.	+28	11.50	Lorimar Telepics	-13	11.00
Frederick's of Hollywood	+26	10.38	Galaxy Carpet Mills	-13	10.25

Over the Counter:

Budget Rent A Car	+140	27.25	Reuter Inc.	-27	12.63
First Federal Savings	+45	18.13	Sigma Designs Inc.	-26	12.75
Banktsc Inc.	+44	11.50	Burr-Brown Corp.	-25	11.25
Sound Warehouse Inc.	+39	17.88	Beauticontrol Cosmetic	-24	14.13
C-Cor Electronics Inc.	+38	13.75	Flight Int'l Group	-24	10.25

London Stock Exchange:

Compiled by Morgan Stanley Capital International. Prices in pence

Assoc. Newspapers	+49	754	Enterprise Oil	-15	581
Northern Engineering	+21	123	Lasmo	-15	502
Scottish and Newcastle	+19	402	Abbey Life	-10	283
Mount Charlotte	+18	164	Ultramar	-10	242
Greenland Whitley	+17	283	McAlpine (Alfred)	-10	328
Wolseley	+17	275	Grand Metropolitan	-10	447
Tootal	+15	115	Ward White Group	-9	280
Pilkington	+13	237	Arnee	-7	350
Fugby Group	+13	144	Sun Life Assurance	-6	1,023
Manley	+12	174	Amstrad	-6	204

Tokyo Stock Exchange:

Compiled by Morgan Stanley Capital International. Prices in yen

Nippon Yakin Kogyo	+61	1,500	Konica	-38	854
Osaka Gas	+39	870	Advantest	-23	4,050
Isuzu Motor	+38	958	Intec	-23	3,350
Penta Ocean Constr.	+27	1,090	Hirose Electric	-20	3,630
Kansai Electric Power	+27	3,750	Itohham Foods	-19	1,130
Shimizu Construction	+24	1,240	Yamaha Motor	-19	1,100
Toho Gas	+21	875	Mori Seiki	-18	1,880
Keihin Electric	+20	1,790	Nippon Television	-18	18,600
Mitsui Mining	+19	700	Ono Pharmaceutical	-18	4,580
Chubu Electric Power	+18	3,570	Teikoku Sen-I	-18	755

ing range, but now were being quickly scooped up.

Reynolds, a stock that Mr. Peroni recommends, first made a new high last June at \$53 a share. It then gradually moved up to \$58 last month, before falling back to \$53. Melville reached a new high last month at about \$74 a share, and Mr. Peroni believes it could continue on to \$90 over the next 12 to 18 months.

"I'm not concerned about how many stocks are making that list every day," Mr. Peroni says. "Stocks that are emerging towards making new highs are the ideal."

To most investors, the idea of buying a stock near or at its high for the year is just plain dumb. Conventional wisdom would indicate that such a stock is just as likely to fall the next day because those who hold it are going to take profits.

But Robert Nurock, publisher

of the *Astrate Investor*, a Paoli, Pennsylvania, newsletter, disagrees. He says investors focus too much on the purchase price of stock when buying. When they see their stock's price fall, then briefly rally, he argues that investors often end up selling the stock roughly at the same level they bought it.

"When there's a substantial amount of trading in stocks at a particular price, that level becomes very significant," he explains. In theory, Mr. Nurock contends, as a stock's price rises, the number of sellers decline so that there is more of a chance for volatility on the upside.

Indeed, studies have shown that some stocks selling near their highs are often ripe for further upward moves. This is particularly true at the beginning of bull market cycles when the new highs list becomes a shopping list for investors seeking stocks with price mo-

mentum. But the data can apply to flat markets as well.

Marc Reingrum, professor of finance at the University of Iowa, studied the greatest stock market winners from 1970 to 1983 to determine what they had in common. From this he formulated nine screens for picking future stock market winners, including buying shares selling within 15 percent of their highs within the past two years. "It looks like one way to summarize is to buy high, sell higher," he says.

Despite the 25 percent advance in the Dow Jones Industrial average since Oct. 19, 1987, many technicians have found that the new highs list does not portend a near-term rally. During a normal bull market, about 25 percent of the New York Stock Exchange shares will be peaking each week. That number has lately been around 150 and falling.



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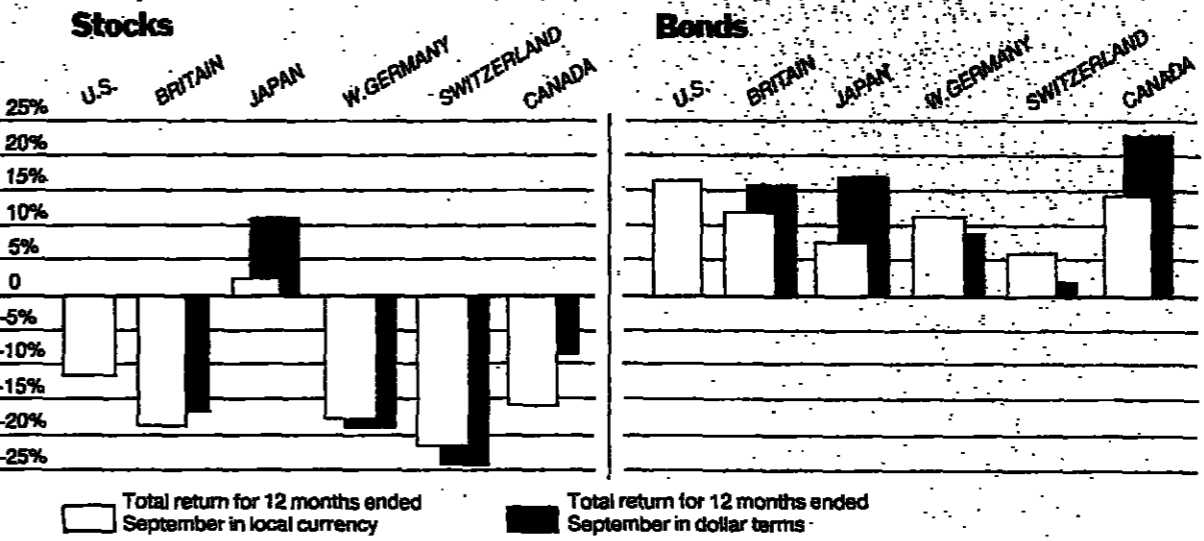
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Total Return for 12 Months

Total return measures both the changes in the prices of securities and the income they provide either in dividends or interest. Gains or losses were measured by comparing market indexes with their levels a year earlier. The chart does not take into account taxes or inflation.



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BOURSES

Table with columns: Percent Change, Price Oct. 31, and various stock symbols.

A Bold Stroke Pays Off for French Fund

By Jacques Neher

ERIC EDELFEIT sees himself as a low-key, conservative fund manager...



Eric Edelfelt, of Groupe des Assurances Nationales.

So far this year, he has done considerably more than that; Mr. Edelfelt's two funds...

The closest runner-up among SICAVs — Sociétés d'Investissement à Capital Variable...

Luck is not all there is to Mr. Edelfelt's success. Timing, a long-term view and a sometimes perverse nature...

Indeed, a good part of the appreciation in both funds this year is due to his nonconformist outlook...

At the time of 1987's crash, only 5 percent of France-GAN's assets were in the Second Marché.

By the end of 1987, Mr. Edelfelt had boosted the exposure to 25 percent. While the Second Marché has recovered...

Mr. Edelfelt will not say how much Sedri stock he bought, though he acknowledges that he purchased shares...

that are managed by GAN and the insurance company's own account.

But even without the investment in Sedri, Mr. Edelfelt argues, the France and Europe funds would still be in the top 10.

This year, Mr. Edelfelt has pulled back a bit from the Second Marché for France-GAN...

In evaluating blue-chip stocks, Mr. Edelfelt uses the usual fundamental yardsticks.

Long-term performance is also important for picking smaller stocks, he says, except that the view is to the future instead of the past.

For the 97.5-million-franc Euro-GAN fund, Mr. Edelfelt is redeploying assets.

For the long-term, Mr. Edelfelt says he will be happy to attain a "good to average" performance...

Scandal Undercuts Japan's OTC

By David Russell

FEW YEARS ago, Recruit Cosmos was counted among the most promising issues on Japan's rough-and-tumble over-the-counter market.

One of the side effects of the scandal has been a jolt to the OTC market's confidence. It hit just when a series of efforts by the Ministry of Finance...

Earlier this year, medium-sized companies in particular seemed to be responding at last to the streamlining of OTC registration.

The latest Finance Ministry regulations had made it "somewhat easier to register," notes Robert Jameson of Sanyo Securities.

But negative publicity surrounding Recruit and other insider trading cases has made Japanese institutions shy about investing in OTC shares.

The scandal also prodded the regulators back into action. The Ministry of Finance is considering granting tougher regulatory powers to the Japanese Securities Dealers Association.

Authorities may also tighten rules governing the transfer of ownership of shares of companies heading for a listing.

But not all the OTC's problems can be laid to the Recruit affair.

The publicity adds to the problems of smaller stocks.

Smaller companies in general, including those on the second section, have underperformed the larger companies as Japanese economic growth has slowed...

Dealers also blame the lack of electronic transaction system for some of the sluggishness.

But information on the companies is always in short supply, discouraging all but the most dedicated small-company players.

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Cloud Hovers Over U.S. Small Stocks

By David Lanchner

AMAZING analysis and investors earlier this year with an impressive advance that outdistanced blue-chip shares...

In fact, the outlook is so thoroughly bleak that some analysts are predicting that the "January effect," the start of the year buying spree...

The usual value indicators, such as price/earnings multiples, indicate that smaller stocks remain cheap relative to larger issues.

more recession resistant blue chips," says Mr. Metz.

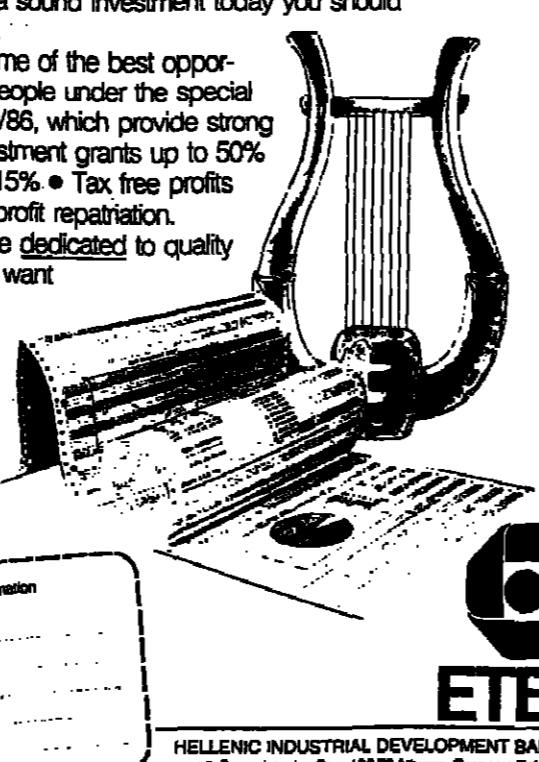
Moreover, Mr. Hoffmann says investors are fearful that tax rates will rise in 1989 and are holding off selling poorly performing stocks...

Some students of the January effect, one of the most intriguing market anomalies, argue that investors tend to sell their worst-hit stocks in December to record capital losses and reap tax benefits.

Mr. Metz is more hopeful that some kind of January effect will endure, but he has scaled back his expectations.

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Banking advertisement for North Star, featuring a globe and text about offshore bond funds.

DIAMONDS advertisement for Gold Medal, featuring a diamond image and text about wholesale prices.

Advertisement for Bank of Credit and Commerce International S.A., highlighting the advantages of a bank account in Luxembourg.

MONDAY SPORTS

SIDELINES

Top-Earner Alysheba Is Set to Retire

LOUISVILLE, Kentucky (AP) — One week after becoming horse racing's all-time money winner, Alysheba will retire as a stud on a farm near here, his owners have announced.

"Of course, we'll certainly miss him," trainer Jack Van Berg said in a statement Saturday. "But we're doing what we feel is best for the horse."

The 1987 Kentucky Derby winner won the \$3 million Breeders' Cup Classic on Nov. 3, passing John Henry's \$6,597,947 in earnings with \$6,679,242. The horse's owners, Dorothy and Pamela Scharbauer, said Alysheba would retire at William S. Farish's Lane's End Farm.

Kansas Case Is Closed, NCAA Says

MISSION, Kansas (AP) — The NCAA has said that it will not reopen its investigation of Kansas' basketball program. Last week, the Jayhawks were put on probation for three years for recruiting violations, and were barred from defending their title as national champion.

Sports Illustrated magazine said last week that other violations may have occurred regarding loans to players from Mike Marshall, a former player at Kansas.

David Best, head of NCAA enforcement, said Friday, "The recently completed infractions case involving Kansas will not be reopened on the basis of information currently available concerning reports of alleged improprieties published in the Nov. 14 issue of Sports Illustrated."

French Assail Soccer Player's Status

PARIS (Reuters) — Yugoslav midfielder Safet Susic, who is to play against France in the World Cup even though he became a naturalized Frenchman last month, has become the center of a soccer storm.

The president of the French Football Federation, Jean Fourquet-Fayard, criticized the authorities in a radio interview Saturday for giving Susic what he called a naturalization of convenience. Susic, 33, who joined the Paris Saint-Germain team in 1982, obtained dual nationality in October, enabling his club to sign another foreign player. Under league rules, only two foreigners can play on the same team.

Last week, Susic was named to the Yugoslav squad that will play France in Belgrade on Saturday. Under international rules, soccer players can represent only one country during their careers.

Kim and Sanabria Win Title Bouts

SEOUL (Combined Dispatches) — Kim Yong Gang of South Korea has easily won the first challenge to his World Boxing Council flyweight title, battering Emil Matsumura of Japan to a unanimous decision. The victory on Saturday boosted Kim's career record to 18-0, while Matsumura fell to 12-5-1.

On Friday in Gravelines, France, José Sanabria of Venezuela successfully defended his International Boxing Federation junior featherweight title with a technical knockout of Thierry Jacob of France in the sixth round. Sanabria is now 17-2-2, while Jacob fell to 18-3. (AP, UPI)

For the Record

Danny Manning, the former Kansas basketball star, has signed a five-year, \$10.5 million contract with the Los Angeles Clippers of the National Basketball Association. (AP)

Despite suffering jet lag after 20 hours of flying, it was the Soviet National Team that made the University of North Carolina basketball team look tired on Saturday. Arvidas Sabonis scored 11 of his 23 points in the final seven minutes to lift the Soviets to a 104-93 exhibition basketball victory over the Tar Heels. (AP)

Mike Tyson, the heavyweight boxing champion, and his wife, the actress Robin Givens, have discussed divorcing their nine-month marriage with a quick Dominican Republic divorce, Tyson's lawyer said. (AP)

Quotable

Orel Hershey of the Los Angeles Dodgers on receiving the National League Cy Young Award: "I worked hard with the talent I was given and everything just worked out perfectly — my career will go downhill from here."

Prost Beats Senna In Last Turbo Race

Compiled by Our Staff From Dispatches ADELAIDE, Australia — Ending an era of turbocharged Formula One racing, Alain Prost of France won the Australian Grand Prix on Sunday as his McLaren-Honda teammate, Ayrton Senna, who already has been crowned world champion, finished second.

It was Prost's second triumph on the Australian street circuit after his 1986 victory in Adelaide, and it boosted his already record career total to 35 victories.

Prost completed the 82-lap, 309.9 kilometer (193-mile) race in the last of the 1988 season — in 1 hour, 53 minutes, 14.67 seconds, with Senna, a Brazilian, trailing by more than 36 seconds.

"I really wanted to win," Prost said afterward. "Ayrton was the only problem for me today."

Senna already had clinched his first world championship by winning the Japanese Grand Prix on Oct. 30.

Prost also clocked the fastest lap of the race, 1:21.216, an average

speed of 167.553 kph (104.11 mph) on the 59th lap.

Nelson Fiquet of Brazil, the departing World Champion, brought his Lotus-Honda into third place, with Riccardo Patrese of Italy finishing fourth in his Judd-powered Williams. Only seven cars finished the race.

It was Patrese's 176th grand prix, which equaled the record for most grand prix races driven.

The one-two result topped off a stunningly successful year for the McLaren team, which won 15 of the year's 16 grand prix races. The team claimed the constructors' championship with a total of 199 points, with its nearest rival, Ferrari, notching 65.

For Prost, the victory Sunday was his seventh of the year, while Senna had eight victories. Only Gerhard Berger of Austria managed to grab a victory from the McLaren's season, when he drove his Ferrari to victory at the Italian Grand Prix at Monza. Both McLarens failed to finish that race. The Australian Grand Prix



Senna wrapped a congratulatory arm around Prost on Sunday.

marked the end of an era in Formula One — it was the last appearance of turbocharged engines in the formula. Next season, all cars will be restricted to normally aspirated engines.

Senna warmly congratulated Prost with a hug after the race. Prost was in hot, overcast conditions, and the race provided a surprise right at the start when Prost, who was beaten to pole position by Senna, swept past the Brazilian to take the lead.

Prost led for the first 13 laps, lost the lead to Berger, in a Ferrari, and then regained it when Berger was forced out after a collision with the Ligier of Rene Arnoux of France.

Lotus, the only other team besides McLaren to have Honda turbo engines this season, ended the year on a high note with Fiquet's third-place finish. Fiquet's teammate, Satoru Nakajima of Japan, who has just been signed for next year by Lotus, was involved in an incident with three other cars that forced him out of the race. (UPI, AP, AP)

U.S. and Soviets Near a Steroids Accord

MINNEAPOLIS — The Olympic committees from the United States and the Soviet Union are nearing completion of an anti-doping exchange program in which athletes from both countries would be uniformly tested for steroids year-round and with little notice, according to the president of the U.S. Olympic Committee, Robert Hemlick.

Hemlick told the U.S. Olympic Committee's executive board on Saturday that he and three other USOC delegates, including Edwin Moses, the Olympic hurdler, would travel to the Soviet Union next week to discuss the proposal.

"We hope to actually have the major points of protocol established, including exchange of technical information and year-round, short-notice testing," Hemlick said of the objectives for the trip.

He said he hoped to present a firm proposal to the USOC delegates in February.

Steroids probably would be the only drugs tested for, he said. Currently, U.S. athletes are test-

ing steroids during the off season but not taking them before events in which there will be testing, Hemlick said.

Moses said the USOC and the Olympic committees of other nations hurried into action on a standardized, anti-doping program after Ben Johnson, the Canadian sprinter, tested positive for steroids after winning the 100-meter dash at the Seoul Olympics.

"I think they have to standardize the whole testing procedure," Moses said. "We have to come to one general conclusion — one set of rules that all people can go by."

Hemlick said Marat Gramov, president of the national Olympic committee in the Soviet Union, informed him that the Soviets were interested in the exchange because Soviet athletes want a guarantee that American athletes will not use steroids if the Soviets stop using the drug.

"I said, That's interesting, because that's exactly what our athletes ask us," Hemlick said.

The biggest hurdle appears to be finding a system that will not vio-

late the constitutional rights of U.S. athletes, said Hemlick, adding that this was not a problem for the Soviets.

He said athletes would know that they could be tested at any time, and they probably would be given some notice, such as 48 hours.

"We're not talking about people in white coats knocking on doors in the middle of the night," Hemlick said.

"Challenge to Lewis" Johnson says he would welcome the chance to race his American rival, Carl Lewis, anywhere, anytime. Reuters reported from Toronto.

Lewis's agent, Joe Douglas, said last week that he was approached recently by a member of the Johnson camp about the possibility of a lucrative match race. But he said the chance of a match race was remote.

"I'll race Carl anywhere, anytime," Johnson said in an interview Friday. "I'd like to race him. But it's going to be hard."

Now a Final Score: Japan 0, Majors 0

By Fred Hiatt
Washington Post Service

TOKYO — Ask Fred McGriff if they play serious ball in the Japanese big leagues.

McGriff, player of the year for the Toronto Blue Jays this season, filed to center field and struck out three times against four different Japanese pitchers on Sunday in the final game of a seven-game matchp between major league all-stars from North America and Japan.

The U.S. squad, led by the Detroit Tigers manager, Sparky Anderson, agreed that the Japanese couldn't score either, and the game ended in a 0-0 tie, leaving the Americans with a 3-2 edge in the series, with two ties.

Anderson, who was not alone in his futility Sunday, as the Japanese shut down the major leaguers on five hits. Fortunately for the North Americans, the Japanese couldn't score either, and the game ended in a 0-0 tie, leaving the Americans with a 3-2 edge in the series, with two ties.

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WEATHER

EUROPE		ASIA		NORTH AMERICA	
High	Low	High	Low	High	Low
Alexandria 20-26	14-17	Beijing 13-20	7-12	Anchorage -4-8	11-16
Amsterdam 10-20	8-14	Bombay 23-30	17-22	Atlanta 55-62	41-48
Athens 13-20	8-14	Calcutta 23-30	17-22	Boston 45-52	31-38
Batavia 23-30	17-22	Chengde 13-20	7-12	Chicago 45-52	31-38
Bombay 23-30	17-22	Chongqing 13-20	7-12	Cincinnati 45-52	31-38
Buenos Aires 13-20	8-14	Delhi 23-30	17-22	Cleveland 45-52	31-38
Calcutta 23-30	17-22	Dhaka 23-30	17-22	Columbus 45-52	31-38
Chengde 13-20	7-12	Hankow 23-30	17-22	Dallas 45-52	31-38
Chongqing 13-20	7-12	Harbin 13-20	7-12	Denver 45-52	31-38
Cincinnati 45-52	31-38	Hong Kong 23-30	17-22	Detroit 45-52	31-38
Cleveland 45-52	31-38	Kobe 23-30	17-22	Houston 45-52	31-38
Columbus 45-52	31-38	London 13-20	8-14	Indianapolis 45-52	31-38
Dallas 45-52	31-38	Los Angeles 65-72	51-58	Jacksonville 45-52	31-38
Denver 45-52	31-38	Manila 23-30	17-22	Kansas City 45-52	31-38
Detroit 45-52	31-38	Osaka 23-30	17-22	Las Vegas 45-52	31-38
Dhaka 23-30	17-22	Seoul 23-30	17-22	Little Rock 45-52	31-38
Hankow 23-30	17-22	Singapore 23-30	17-22	Los Angeles 65-72	51-58
Harbin 13-20	7-12	Taipei 23-30	17-22	Madison 45-52	31-38
Hong Kong 23-30	17-22	Tokyo 23-30	17-22	Memphis 45-52	31-38
Kobe 23-30	17-22	Urumqi 13-20	7-12	Miami 45-52	31-38
London 13-20	8-14	Yokohama 23-30	17-22	Minneapolis 45-52	31-38
Los Angeles 65-72	51-58			Mobile 45-52	31-38
Manila 23-30	17-22			Montgomery 45-52	31-38
Osaka 23-30	17-22			New Orleans 45-52	31-38
Seoul 23-30	17-22			Omaha 45-52	31-38
Singapore 23-30	17-22			Orlando 45-52	31-38
Taipei 23-30	17-22			Philadelphia 45-52	31-38
Tokyo 23-30	17-22			Pittsburgh 45-52	31-38
Urumqi 13-20	7-12			Raleigh 45-52	31-38
Yokohama 23-30	17-22			San Antonio 45-52	31-38

MONDAY SPORTS

Bears Hold Down Redskins, 34-14

WASHINGTON—Touchdown runs by Mike Tomczak and Matt Suhey helped Chicago take a 20-0 halftime lead as the Bears gave coach Mike Ditka a welcome-back gift with a 34-14 National Football League victory Sunday over the Washington Redskins.

NFL ROUNDUP

quarterback Doug Williams out of the game early in the third quarter. Williams completed only six of 19 passes for 69 yards. His replacement, Mark Rypien, threw touchdown passes to Ricky Sanders and Gary Clark, but had four interceptions.

Chicago made it 14-0 in the second quarter when Suhey capped an 80-yard drive with a three-yard run.

Kevin Butler added two field goals later in the quarter to give the Bears a 20-0 cushion.

Rypien got the Redskins to within 20-7 by throwing for 87 yards in his first series. The highlight of the drive was a 40-yard completion to Art Monk, who made a diving catch behind Chicago cornerback Mike Richardson.

Three plays later, Rypien flipped a four-yard pass to Sanders in the left corner of the end zone.

But the Bears wrapped things up early in the fourth quarter.

Patriots, 14, Jets 13: In East Rutherford, N.J., the Patriots' defense forced three turnovers and John Stephens scored the winning touchdown with 6:48 remaining as New England defeated the New York Jets.

Trailing 3-0, the Patriots turned the game around on the first play of the second half. Larry McGrew picked off Ken O'Brien's pass and, on the next play, Doug Flutie hit Stanley Morgan for a 19-yard touchdown.

Stephens' scoring sweep came from the three at the end of a 58-yard, 10-play drive.

Bucs 23, Bears 20: In Pontiac, Michigan, Tampa Bay crawled out of the NFC Central basement when Donald Igwebuike kicked a 52-yard field goal with 10 seconds remaining to beat Detroit.

The teams were tied going into the fourth quarter, and a 38-yard field goal by Eddie Murray put Detroit ahead 13-10. Lars Tate scored on a five-yard run and Igwebuike kicked a 22-yarder to put the Bucs ahead 20-13 with 2:10 remaining.

With Rusty Hilger completing four of five passes for 46 yards, the Lions went 70 yards in seven plays, tying the game on a 19-yard touchdown pass from Hilger to Garry James with 45 seconds left.

Chargers 10, Falcons 7: In Atlanta, Rod Bernstine raced 57 yards with a short pass to set up Barry Redden's five-yard touchdown run as San Diego snuffed a six-game losing streak by beating Atlanta.

Bernstine caught the pass from Mark Vlasic at the San Diego 35, broke two tackles near midfield and raced to the Atlanta 14 before Robert Moore made the tackle.

Tim Spencer then ran for five yards and Gary Anderson for four before Redden scored with 4:32 left in the game.

Colts 20, Packers 13: In Green Bay, Wisconsin, Chris Chandler passed for two touchdowns and Indianapolis stopped a last-second drive at the two to beat Green Bay.

The Colts' Harvey Armstrong batted down a Don Majkowski pass on the final play as the Packers drove from the Indianapolis 49-yard line after recovering an onside kick with 37 seconds left.

Eagles 27, Steelers 26: In Pittsburgh, Luke Zendejas kicked an 18-yard field goal with 1:15 left as Philadelphia, helped by two Pittsburgh penalties that led to Randall Cunningham scoring runs, rallied from behind four times to beat the Steelers.

Cunningham ran for touchdowns of 12 and 7 yards and set up Zendejas' game-winning field goal with a 41-yard completion to Kris Carter.

Chiefs 31, Bengals 28: In Kansas City, Missouri, Albert Lewis began a Kansas City comeback by blocking a punt, then recovered a fumble to set the stage for Nick Lowery's fifth field goal, a 39-yarder with two seconds left that boosted Kansas over Cincinnati.

80th Match: Navratilova Defeats Evert

The Associated Press

CHICAGO—Martina Navratilova, serving effectively and commanding the net, needed less than an hour to score a 6-2, 6-2 victory Sunday over Chris Evert.

The final marked the 80th meeting between the friendly rivals and the 43rd victory in the series for the left-handed Navratilova, top-seeded here to Evert's No. 2.

Navratilova, who took the \$50,000 Virginia Slims of Chicago tennis tournament for the ninth time.

The final marked the 80th meeting between the friendly rivals and the 43rd victory in the series for the left-handed Navratilova, top-seeded here to Evert's No. 2.

Navratilova, who took the \$50,000 first prize, notched only three aces to go along with a handful of service winners in the match.

But varying the speed and spin on her serve and working the corners, she managed to keep Evert pinned to the baseline, then mixed crisp volleys with an array of drop shots to gain her ninth singles title and fifth Virginia Slims championship this year.

Evert managed just four points against Navratilova's serve in the opening set and failed to gain a break point.

Navratilova, meanwhile, registered the first break of the match in the sixth game of the opening set to go up 4-2, then repeated the feat in the eighth game, winning off four straight points for the 6-2 win.

Indeed, the closest Evert came to mounting a threat was in the first game of the second set. She came to net three times in the game, taking the ad point after Navratilova's defensive lob was long.



Michigan's Leroy Hoard had to carry the ball and Chris Green of Illinois on the way to 137 yards total rushing and two touchdowns.

West Virginia and Southern Cal Stay Unbeaten

West Virginia's football team, which has posted more wins than losses this season, briefly reached a plateau on Saturday against West Virginia. Playing an undefeated team ranked No. 4, Rutgers held a 10-7 lead for 56 seconds in the second quarter. But then the predictable happened and the Mountaineers of West Virginia rolled to a 35-25 victory, their 10th of the season without a loss.

COLLEGE ROUNDUP

When Rutgers' leading offensive player, quarterback Scott Eny, was off his game, Eny completed only six of 19 passes and had three interceptions before being replaced by Tom Tarver in the fourth quarter.

Tarver led his team to two touchdowns after West Virginia had gone ahead, 35-13. Meanwhile, Major Harris, West Virginia's quarterback, tallied 73 yards rushing and passed for 130 yards and one touchdown.

Eny's first pass was intercepted by safety Darrell Whitmore, whose 34-yard return earned a touchdown, putting West Virginia ahead, 7-0, after 64 seconds of play.

But Ryan Allen returned the kickoff 92 yards for a Rutgers touchdown and the score was tied, 7-7.

The Mountaineers (10-0), hoping for a showdown in the Fiesta Bowl with No. 1 Notre Dame, finish their regular season at home against Syracuse next Saturday. Notre Dame (9-0) was idle on Saturday.

Elsewhere, No. 3 Miami was idle, Army beat Vanderbilt 24-19, and Pennsylvania downed Harvard 52-13 to clinch a share of the Ivy League title.

Southern Cal 50, Arizona State 9: In Tempe, Arizona, Rodney

Houston 34, Wyoming 10: In Houston, quarterbacks for No. 10 Wyoming were sacked 16 times, including six by tackle Glenn Montgomery, as the Cougars brought the nation's No. 1 offense to a halt. Reggie Burnette added three sacks, intercepted a pass and recovered a fumble as the Cougars (7-2) handed the Western Athletic Conference champion Cowboys (10-1) their first loss.

Arkansas 25, Texas A&M 20: In Fayetteville, Arkansas, Kendall Trainor kicked five field goals and the defense added two scores as the No. 11 Razorbacks (10-0, 7-0) edged past the Aggies. Trainor's fifth field goal, an 18-yarder with

4:30 left, made it 25-14. Robert Wilson of the Aggies scored from the three with 53 seconds left.

LSU 20, Mississippi St. 3: In Starkville, Mississippi, Greg Jackson returned an interception 100 yards as No. 12 Louisiana State clinched a share of the Southeastern Conference title. LSU (7-2, 6-1) is battling with No. 9 Auburn for a berth in the Sugar Bowl.

Michigan 38, Illinois 9: In Ann Arbor, Michigan, the No. 13 Wolverines clinched their fourth Rose Bowl berth in the 1980s as Leroy Hoard rushed for 137 yards and two touchdowns. Michigan (7-2-1, 6-0-1), which concludes the regular season next week at Ohio State, clinched the Big Ten title.

Clemson 49, Maryland 25: In College Park, Maryland, Terry Allen and Gary Cooper scored two touchdowns each as No. 16 Clemson (11-2, 5-1) clinched its third consecutive Atlantic Coast Conference championship and earned a berth in the Citrus Bowl.

Alabama 17, Southwestern Louisiana 0: In Birmingham, Alabama, Kermit Kendrick intercepted two passes and No. 18 Alabama (7-2) marked its second shutout of the season.

Washington State 36, Oregon State 27: In Pullman, Washington, Steve Brousseau and Rich Swinton each rushed for more than 100 yards as Washington State kept its bowl hopes alive. No. 20 Washington State (7-3, 4-3) will likely face Houston in the Aloha Bowl.

Pittsburgh 14, Penn State 7: In State College, Pennsylvania, freshman Curvin Richards ran for 159 yards and a touchdown and became the sixth runner in Pittsburgh history to gain more than 1,000 yards in a season as the Panthers beat their arch-rival. It was the fourth straight victory for Pittsburgh (6-3), and kept alive its hopes to play in the Sun Bowl.

LSU clinched a share of the SEC title by beating Mississippi State.

If the two tie for the SEC title, the Sugar Bowl committee will choose the league's representative for the Sugar Bowl in New Orleans. Southern Cal or Florida State will be the opponent.

Georgia will probably go to the Gator Bowl and play either Michigan State, Pittsburgh, or Colorado.

Elsewhere, Syracuse appeared to be bound for the Hall of Fame Bowl against either LSU or Auburn.

Iowa appears a good bet to play in the Peach Bowl.

South Carolina is probably assured of a spot in the Liberty Bowl against Indiana.

After defeating Vanderbilt, Army appears to be headed for the Sun Bowl against Alabama.

Florida should get a berth in the All American Bowl against either Michigan State or Illinois.

Oklahoma State, after downing Kansas, will probably play Wyoming in the Holiday Bowl.

In the Bowls, Color Michigan Rose

While invitations to the bowl games do not officially go out until Saturday, several universities already know where they are heading.

Michigan will play in the Rose Bowl for the fourth time this decade, while West Virginia appears to be heading for the Fiesta Bowl against Notre Dame.

Michigan clinched its berth by defeating Illinois on Saturday. The Wolverines will play the winner of the Pacific-10 championship game Saturday between UCLA and USC.

Clemson goes to the Florida Citrus Bowl. It will play the loser of this week's Nebraska-Oklahoma game; the winner will go to the Orange Bowl against Miami.

Arkansas will play either UCLA or Florida State in the Cotton Bowl.

Beating Georgia, Auburn can still gain at least a share of the Southeastern Conference title if it beats Alabama, and keep alive its hopes of playing in the Sugar Bowl.

Tennis Pros Convince Europeans

ZURICH—The directors of many of Europe's tennis tournaments have decided to side with the professional tennis players and join the breakaway Association of Tennis Professionals Tour in 1990.

Franco Bartoni of Italy, chairman of the newly formed Pro Tennis Europe—an association of European tournament directors—said Saturday after a meeting here that the decision was unanimous.

"The present Grand Prix tournaments in Europe will remain on the 1990 schedule," he said. "The future of the Grand Slam events in Wimbledon and Paris will not be the subject of further discussion."

Bartoni said that the 34-member meeting named him to represent European interests in future talks with the recognized tennis bodies.

"Our first meeting with ATP will be in New York before the Masters tournament at the end of the month," he said.

An ATP official, Ray Moore, who was in Zurich for the meeting, said that he had outlined the association's plans for 1990 and that these were well received.

"Our schedule for 1990 envisages 19 tournaments at the top level," he said. "While there is room for compromise on other things, we will stick to that."

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Gentlemen! Gentlemen! Please!

The Detroit Pistons and Boston Celtics feuded Friday night in Boston in a brawl-interrupted game, but the Pistons won, 116-107. The two monster centers, Bill Laimbeer of Detroit, 6 feet, 10 inches, and Robert Parish of the Celtics, 7 feet, were ejected when they threw wild punches after Parish was hit on the head during rebounding action. "It was just a showing match," Laimbeer said.



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SCOREBOARD

BASKETBALL

NBA Standings

Table with columns for Eastern Conference, Central Division, Western Conference, and Pacific Division. Lists teams like New York, Philadelphia, Charlotte, and their win/loss records.

HOCKEY

National Hockey League Standings

Table with columns for Wales Conference, Patrick Division, Adams Division, Campbell Conference, and Smythe Division. Lists teams like NY Rangers, Pittsburgh, and their win/loss records.

FOOTBALL

Selected College Results

Table listing college football games and results, including Iowa vs. Ohio State, Penn State vs. Michigan State, and others.

SOCCER

ENGLISH FIRST DIVISION

Table listing English First Division football results, including Arsenal vs. Tottenham, Liverpool vs. Manchester United, etc.

AUTO RACING

AUSTRALIAN GRAND PRIX

Table listing Australian Grand Prix race results, including Alain Prost (France) and Nelson Piquet (Brazil).

TENNIS

MEN'S TOURNAMENTS

Table listing men's tennis tournament results, including Wimbledon, French Open, etc.

TRANSITION

BASEBALL

Table listing baseball news and transactions, including player moves and team activities.

Advertisement for 'Bar' featuring a logo and text: 'Bar', 'R IN EUROPE', 'MONTEAL'.

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